



Elate Holdings Limited

STOCK CODE : 76



2025
ANNUAL REPORT

CONTENTS

2	Corporate Information
3	Financial Highlights
4	Management's Discussion and Analysis of Financial Condition and Results of Operations
21	Report of the Directors
29	Corporate Governance Report
53	Environmental, Social and Governance Report
70	Independent Auditor's Report
76	Consolidated Statement of Profit or Loss
77	Consolidated Statement of Profit or Loss and Other Comprehensive Income
78	Consolidated Statement of Financial Position
80	Consolidated Statement of Changes in Equity
82	Consolidated Statement of Cash Flows
83	Notes to the Consolidated Financial Statements
158	Five-Year Financial Summary





CORPORATE INFORMATION

DIRECTORS

Mr. Feng Zhong Yun, *Executive Director and Managing Director*

Ms. Zhang Xue, *Executive Director*

Mr. Ng Lai Po, *Independent Non-Executive Director*

Ms. Ye Yi Fan, *Independent Non-Executive Director*

Dr. Yan Shao Shi, *Independent Non-Executive Director*

COMPANY SECRETARY

Ms. Lam Lee Yu

REGISTERED OFFICE

Unit 1002, 10/F., Euro Trade Centre

13-14 Connaught Road Central and 21-23 Des Voeux Road Central

Hong Kong

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

17th Floor, Hopewell Centre

183 Queen's Road East

Hong Kong

PRINCIPAL BANKER

DBS Bank Ltd.

AUDITOR

McMillan Woods (Hong Kong) CPA Limited (appointed on 4 August 2025)

BDO Limited (resigned on 1 August 2025)

STOCK CODE

76

FINANCIAL HIGHLIGHTS

	2025 US\$'000	2024 US\$'000
Revenue	132,500	431,082
(Loss)/Profit from Operating Activities	(11,778)	42,283
(Loss)/Profit for the Year and Attributable to Owners of the Company	(14,622)	40,302
Total Equity Attributable to Owners of the Company	425,461	430,410
(Loss)/Earnings Per Share (US Cents)		
– Basic and Diluted	(3.54)	11.10

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(In this report, all the "\$" refers to the legal currency of the United States of America, unless otherwise specified)

For the year ended 31 December 2025, the Group's turnover was approximately \$132.5 million, representing a decrease of approximately \$298.6 million, or 69.3%, compared with approximately \$431.1 million for the previous year. Net loss attributable to owners of the Company was approximately \$14.6 million, or approximately \$3.54 cents per share, compared with net profit of approximately \$40.3 million, or approximately \$11.10 cents per share, for the year ended 31 December 2024.

As at 31 December 2025, the Group's total assets were approximately \$466.1 million, compared with approximately \$452.1 million as at 31 December 2024, while the Group's net assets were approximately \$425.5 million, compared with approximately \$430.4 million as at 31 December 2024.

BUSINESS REVIEW

The Group's business segments comprise: (i) sales of graphite products worldwide; (ii) manufacture and sale of electronic products; (iii) design and manufacturing operations in the United Kingdom; and (iv) exploration and development of businesses relating to Web3.0.

SALES OF GRAPHITE PRODUCTS WORLDWIDE

The Company has been engaged in the manufacture and sale of graphite products for over 15 years. Its customers include steel mills, lithium battery companies, refractory material companies and users of graphite products in China and worldwide. Graphite is widely used in the aerospace, steel, automobile, electric vehicle, battery and lubricant industries.

On 21 May 2024, Elate Graphite Limited ("EGL"), an indirectly wholly-owned subsidiary of the Company, entered into an agreement (the "Agreement") with Aspect Group Limited ("AGL"). Pursuant to the Agreement, EGL conditionally agreed to dispose of, and AGL agreed to acquire, two production lines in Madagascar and 390,000 tons of graphite ore (the "Assets") at a consideration of US\$21,045,651, to be settled by graphite products (the "Graphite Products"). Under the Agreement, EGL agreed to exchange the Assets for 30,109 tons of Graphite Products with carbon content of over 93% produced by AGL (the "Transaction").

As agreed by the parties, the price per ton of Graphite Products was fixed at US\$699. The aggregate price for 30,109 tons of Graphite Products was US\$21,046,191, which AGL agreed to adjust to US\$21,045,651 to match the agreed value of the Assets. Based on the financial information as at 31 December 2024, the Group recorded a gain before taxation and transaction costs of approximately US\$537,000, being the difference between the fair value of the Graphite Products of approximately US\$19,178,000, based on a valuation conducted by an independent valuer, and the carrying value of the Assets of approximately US\$18,641,000, comprising the production lines of US\$15,096,000 and the 390,000 tons of graphite ore of US\$3,545,000. The Transaction was completed on 18 December 2024.

To ensure a stable supply of graphite products, AGL, the long-term supplier of graphite products, negotiated with the Company to purchase sufficient graphite ore as raw materials for timely production and supply. Following negotiations, the Company sold its remaining graphite ore inventory in Madagascar to AGL in December 2024, with reference to the market price of graphite ore in Madagascar over the past three years. AGL agreed to pay the consideration of US\$296,433,000 (the "Consideration") by instalments on or before 30 September 2025 and to provide MUP (Multiple Up Point, a cryptocurrency deployed on the Polygon Layer-2 Network) as collateral (the "Collateral") to the Company.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(In this report, all the "\$" refers to the legal currency of the United States of America, unless otherwise specified)

In or around October 2025, due to payment difficulties arising from political instability in Madagascar, AGL failed to settle the Consideration. The Company then enforced the Collateral and obtained 100,000,000 MUP. As AGL had already paid approximately US\$3,000,000 (equivalent to approximately 1,012,035 MUP) towards the outstanding amount, the Company returned 1,012,035 MUP to AGL. Accordingly, after such return, the Company held 98,987,965 MUP through enforcement of the Collateral.

The Company accepted MUP as Collateral because, in light of the political environment and uncertainty in Madagascar in 2025, it intended to dispose of all of its graphite inventory there. Due to the size of the inventory, the Company encountered difficulty in identifying a suitable buyer. AGL, one of the Group's long-standing service providers for graphite products, expressed interest in purchasing the entire inventory, and the only collateral it was able to provide was MUP. As some industry participants had accepted MUP for settlement purposes, the Company accepted MUP as Collateral.

In the Company's 2024 annual report, MUP was classified as an intangible asset due to its intangible nature. Following discussions with the Company's two major graphite product suppliers, AGL and China Graphite Limited, in June 2025, both suppliers provided written confirmation that they would accept MUP for settlement purposes. The Company therefore resolved to hold MUP for operational settlement in the ordinary course of the Group's business. The Group's auditors reviewed and agreed with the classification of MUP as inventory. Accordingly, MUP was reclassified from intangible assets to inventory as at 30 June 2025.

Under the MUP settlement agreements with each of the above suppliers, the amount of MUP payable is determined based on the average closing price of MUP during the 30 days preceding settlement. In addition, AGL confirmed that if the average closing price is below US\$3 per MUP, the amount of MUP payable by the Company to AGL shall be calculated on the basis of US\$3 per MUP (the "Minimum Price Mechanism"). Pursuant to the minimum price mechanism, the Group is able to hedge against any devaluation of MUP below US\$3 per MUP.

The Group currently intends to utilise the Collateral as follows:

1. approximately 30% to 40% for the purchase of graphite products from suppliers, including AGL and China Graphite Limited. The Company expects annual purchases of approximately US\$20 million to US\$25 million from AGL and US\$10 million to US\$15 million from China Graphite Limited; and
2. approximately 60% to 70% for acquisitions. The Company intends to use part of the Collateral as settlement consideration for future acquisitions.

The Company considers the above intended use to be a proper use of shareholders' funds and consistent with shareholders' investment expectations. For further details, please refer to the announcement of the Company dated 5 March 2026.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(In this report, all the "\$" refers to the legal currency of the United States of America, unless otherwise specified)

MANUFACTURE AND SALE OF ELECTRONIC PRODUCTS

The Group's electronic manufacturing services are operated by its wholly-owned subsidiary, Axiom Manufacturing Services Limited in the UK ("Axiom"). Axiom provides comprehensive contract manufacturing services ranging from electronic product design to manufacturing for the medical, defence, transportation, aerospace, security, maritime and natural gas industries, as well as other sectors. Products manufactured and designed under these arrangements are usually sold under customers' brand names. Axiom's customers are mainly located in the UK.

EXPLORATION AND DEVELOPMENT OF BUSINESSES RELATING TO WEB3.0

The Group has been exploring opportunities in artificial intelligence and Web3.0-related businesses. In May 2023, the Company acquired 100% of the issued share capital of GoMeta Limited ("GoMeta"), which had been newly incorporated in March 2023, with the intention of developing businesses including, but not limited to, non-fungible tokens, cryptocurrencies and other projects that may generate new income streams for the Group.

On 3 July 2024, GoMeta issued and allotted 10,000 ordinary shares to Beijing Qi Le Wu Qiong Culture and Technology Limited ("Beijing Qi Le") for a consideration of HK\$100,000. Following the allotment, GoMeta became a joint venture company of the Group. Beijing Qi Le is responsible for the development and production of AI products, while GoMeta is responsible for promoting and selling such AI products overseas. The Company will assist GoMeta in promoting and selling AI products through Macau Lotus Satellite TV, AOMI APP (澳覓網購平台) and other business platforms, and will provide timely market feedback and information to Beijing Qi Le so that it can improve its products and services.

On 6 February 2026, the Company entered into a three-year cooperation and management agreement with Macao eMedia Development Company Limited ("AOMI Company", the owner of AOMI APP). The agreement is a framework cooperation arrangement under which the Company will provide strategic, advisory and support services to AOMI Company based on the Company's existing resources and expertise. The parties agreed that the Company will: (i) assist in developing AOMI Company's business in Asia, including market research in Taiwan, Singapore, South Korea and Japan, among other regions; (ii) participate, through its subsidiary, in the management and business development of AOMI Company; and (iii) introduce artificial intelligence into AOMI Company's business. The agreement does not set out detailed service scope, fee arrangements, fee amounts or payment terms. The parties will review the cooperation arrangement after three months, without prejudice to entering into supplemental agreement(s), including fee arrangements, or exploring further cooperation models, including possible investment by the Company in AOMI Company through shareholding.

During the period from 26 September 2024 to 24 June 2025, the Company entered into acquisitions (the "Acquisitions") and disposals (the "Disposals") of cryptocurrencies, namely USD Tether ("USDT"), Bitcoin ("BTC") and Multiple Up Point ("MUP") (collectively, the "Cryptocurrencies").

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(In this report, all the "\$" refers to the legal currency of the United States of America, unless otherwise specified)

The Acquisitions of the Cryptocurrencies are summarised as follows:

Period	Type of Cryptocurrency	Number of Cryptocurrency acquired	Total consideration used
28 September 2024 to 23 June 2025	USDT	15,332,992.64 USDT	US\$15,346,912
26 September 2024 to 13 June 2025	BTC	14.0015 BTC	US\$1,152,359 and 97,707 USDT (equivalent to US\$1,250,066)
5 October 2024 to 24 June 2025	MUP	5,105,262 MUP	15,231,665 USDT and 198,950 USDC (equivalent to US\$15,440,034)

The Acquisitions constituted the following types of transactions under the Listing Rules:

Cryptocurrency	Listing Rules implication
USDT	The acquisition of USDT on 23 October 2024 would have constituted a discloseable transaction of the Company when aggregated with transactions conducted within the past 12 months (aggregated number of USDT acquired and disposed: 1,411,738.12 USDT; aggregated consideration: US\$1,410,852).
BTC	The acquisition of BTC on 4 March 2025 would have constituted a discloseable transaction of the Company when aggregated with transactions conducted within the past 12 months (aggregated number of BTC acquired: 11.00149 BTC; aggregated consideration: US\$981,611).
MUP	The acquisition of MUP on 15 October 2024 would have constituted a discloseable transaction of the Company when aggregated with transactions conducted within the past 12 months (aggregated number of MUP acquired: 790,000 MUP; aggregated consideration: US\$1,788,000).
MUP	The acquisition of MUP on 27 November 2024 would have constituted a major transaction of the Company when aggregated with transactions conducted within the past 12 months (aggregated number of MUP acquired: 1,970,100 MUP; aggregated consideration: US\$4,852,300).
MUP	The acquisition of MUP on 2 May 2025 would have constituted a very substantial acquisition of the Company when aggregated with transactions conducted within the past 12 months (aggregated number of MUP acquired: 4,527,820 MUP; aggregated consideration: US\$13,416,301).

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(In this report, all the "\$" refers to the legal currency of the United States of America, unless otherwise specified)

The Disposals of the Cryptocurrencies are summarised as follows:

Period	Cryptocurrency disposed	Type and number of cryptocurrencies/fiat currency acquired	Total consideration	US\$ equivalent
5 October 2024 to 24 June 2025	USDT	5,018,762 MUP, 996 USD and 1.0015 BTC	15,330,367 USDT	US\$15,339,787
19 November 2024 to 5 March 2025	BTC	US\$659,990	7 BTC	US\$659,990

The Disposals constituted the following types of transactions under the Listing Rules:

Cryptocurrency	Listing Rules implication
USDT	The disposal of USDT on 15 October 2024 would have constituted a discloseable transaction of the Company when aggregated with transactions conducted within the past 12 months (aggregated number of USDT disposed: 1,788,000 USDT; aggregated consideration: US\$1,788,000).
USDT	The disposal of USDT on 27 November 2024 would have constituted a major transaction of the Company when aggregated with transactions conducted within the past 12 months (aggregated number of USDT disposed: 4,653,350 USDT; aggregated consideration: US\$4,653,350).
USDT	The disposal of USDT on 28 March 2025 would have constituted a very substantial disposal of the Company when aggregated with transactions conducted within the past 12 months (aggregated number of USDT disposed: 11,331,596 USDT; aggregated consideration: US\$11,336,170).
BTC	The BTC disposals, when aggregated, did not constitute notifiable transactions of the Company.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(In this report, all the "\$" refers to the legal currency of the United States of America, unless otherwise specified)

Information on USDT

Tether is a blockchain-enabled platform that facilitates the digital use of traditional currencies. USDT is a Tether token commonly referred to as a stablecoin because: (i) it is designed to maintain price stability by being pegged 1:1 to a corresponding fiat currency; and (ii) it is stated to be backed 100% by Tether's reserves.

Information on MUP

According to information published by its issuer, MUP is a utility token designed for use on the Polygon Layer-2 blockchain network. The issuer states that MUP is intended to be backed by BTC and physical gold and may be accepted by certain industry participants for settlement or value transfer purposes. The Company understands that MUP may, in certain circumstances, be used by some market participants for the procurement of goods, including graphite products.

MUP is currently traded on the cryptocurrency exchange platforms Klickl, operated by Klickl International Limited, and Richberg, operated by Richberg Limited. Klickl is licensed by the Abu Dhabi Global Market Financial Services Regulatory Authority and has partnered with, and authorised, Richberg to implement Web3.0 industry projects.

The Company initially acquired USDT, a US dollar-pegged stablecoin, to facilitate acquisitions and disposals of cryptocurrencies, including MUP, and to convert proceeds back into US dollars. Prior to the relevant Acquisitions, the Company conducted due diligence on MUP, including reviewing its trading price on relevant platforms and obtaining independent third-party opinions on its financial prospects and underlying technology.

The Company acquired MUP because it considered that: (i) MUP could be used and accepted by certain industry participants, including sellers and suppliers of graphite products; (ii) MUP had potential for appreciation based on its historical trading performance; and (iii) its technical characteristics, including the security features of the ERC-20 blockchain standard and compatibility with major wallets, may facilitate its broader use across cryptocurrency platforms. The Company therefore envisaged that MUP could be used in the ordinary course of business for purchasing graphite products.

The Company also received written confirmations from two graphite product suppliers i.e. AGL and China Graphite Limited, that MUP could be accepted for settlement. The Company intends to explore further settlement use cases for MUP where financially beneficial and in compliance with the Listing Rules. The Board is also of the view that MUP has growth potential, which could enhance its liquidity, particularly if it gains wider industry acceptance. This may provide a hedge against fiat currency volatility, diversify the Group's settlement methods and strengthen the Group's strategic position in digital assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(In this report, all the "\$" refers to the legal currency of the United States of America, unless otherwise specified)

The Board conducted each Acquisition and Disposal on the understanding that the Cryptocurrencies constituted a form of currency for use in the ordinary course of business, as they could be used to settle purchases of goods from suppliers. Based on that understanding, the Company did not realise that certain Acquisitions and Disposals, when aggregated, would have constituted discloseable transactions, major transactions, very substantial acquisitions or very substantial disposals under the Listing Rules, and that the relevant disclosure and compliance requirements had not been fully complied with at the time.

As the relevant Acquisitions and Disposals have already been completed, the Company will not convene a general meeting to seek ex post facto approval from Shareholders and no circular will be despatched in relation to those transactions. To prevent recurrence, the Group will implement remedial measures to ensure strict compliance with the Listing Rules in the future. For details of the remedial measures, please refer to the announcement of the Company published on 3 March 2026 and Corporate and Governance Report in this report.

In the announcement dated 10 October 2025 it was disclosed that EGL, a wholly-owned subsidiary of the Company, and Goldpay Limited ("Goldpay") entered into a cooperation agreement on 10 October 2025. Pursuant to the cooperation agreement, a cooperation plan will be carried out that Goldpay will issue a utility blockchain vouchers for EGL as a main user, to promote the sales products of the Company. However, Goldpay made a request to EGL for terminating the blockchain voucher project. They requested to terminate the blockchain voucher project and all the related cooperation with EGL based on Goldpay's adjustment of its strategy for selecting partner companies' place of registration. On 3 November 2025, EGL and Goldpay entered into a termination agreement and agreed to terminate their cooperation in blockchain vouchers and all the related project, including two respective business partnership agreements dated 20 May 2025 and 12 June 2025, AOMI Whitepaper dated 18 June 2025; two respective cooperation agreements dated 29 July 2025 and 10 October 2025 (for details please refer to the Company's announcements published on the contract dates). As informed by Goldpay, the blockchain voucher project developed by Goldpay is not yet completed; no individual or company has paid any money for buying, selling, holding, or conducting any transaction related to the blockchain vouchers and all the related project. Both parties agree to waive the rights to make a claim against the other party, including but not limited to expenses incurred etc.

On 23 December 2025, EGL entered into a cooperation and management agreement with Qingdao Tiantai Culture and Travel Group Limited ("Qingdao Company"). Pursuant to the agreement, both parties will cooperate to expand Qingdao Company's businesses, including golf courses and natural hot spring hotels. EGL will also introduce artificial intelligence technology to, and integrate the "better health" concept into, Qingdao Company's operations. EGL will receive an annual management fee of RMB1 million. If Qingdao Company's profit reaches RMB50 million in 2026, EGL will be entitled to an additional amount equal to 10% of Qingdao Company's profit.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(In this report, all the "\$" refers to the legal currency of the United States of America, unless otherwise specified)

IMPACT OF THE RUSSIAN-UKRAINIAN WAR AND CLIMATE CHANGE ON OUR BUSINESS OPERATIONS

The Group's operations have been affected by the conflict in Ukraine, particularly through inflationary pressure arising from higher energy and gas prices. This has directly increased the energy costs of the Group's graphite production and Axiom's electronic manufacturing business, and has also indirectly increased material and labour costs through higher supplier pricing and wage expectations.

The Group has taken steps to mitigate these impacts, including installing solar panels at Axiom's facility and renegotiating pricing with customers where possible while remaining competitive.

Climate change remains a major global challenge. In response, the Group has implemented measures to conserve energy and reduce greenhouse gas emissions. The Group is also aware that the increasing frequency of extreme weather may affect business operations. To manage such risks, the Group has adopted precautionary measures, including work arrangements for adverse weather conditions such as Black Rainstorm Warning and Typhoon Signal No. 8.

For the year ended 31 December 2025, the Group was not materially affected by climate-related issues.

RESULTS OF OPERATIONS

For the year ended 31 December 2025, the Group's turnover was approximately \$132.5 million, representing a decrease of approximately \$298.6 million, or 69.3%, compared with approximately \$431.1 million for the previous year.

In 2025, the Group's graphite operations recorded revenue of approximately US\$30,240,000, representing a decrease of approximately 91.2% from US\$344,800,000 in the previous year. The decrease was primarily attributable to the disposal of residual graphite ore inventory in 2024, which generated extraordinary revenue of US\$296,433,000. In 2025, the United States' global tariff measures and "de-Chinaisation" policies, particularly in the graphite sector, triggered supply chain restructuring and adversely affected the Company's sales. However, by adopting an asset-light strategy, broadening supplier channels and optimising the cost structure of graphite products, the Company was able to offer a wider range of graphite specifications across more markets, thereby mitigating the impact on its graphite business.

The UK business, which comprises contract electronic manufacturing as well as design and manufacturing services, recorded turnover of approximately £77.5 million, representing an increase of 15% from the previous year and another record year. This performance was in line with expectations and continued the strong growth trend of the previous three years. The underlying UK businesses remained strong and ahead of budget during 2025 despite economic conditions affected by the conflict in Ukraine and semiconductor supply chain issues. The business environment continued to recover from the effects of the COVID-19 pandemic, which was reflected in the strength of turnover in 2025. Turnover remained relatively stable across all four quarters. Material purchase price variances were positive and benefited from the strength of Sterling against the US dollar. The strong performance further strengthened the balance sheet. However, working capital requirements increased during the year due to higher inventory levels, resulting from extended lead times quoted by key suppliers, who in turn source components from original manufacturers. The businesses also continued to invest in capital equipment and advanced technology to enhance manufacturing capacity, capability and service offerings.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(In this report, all the "\$" refers to the legal currency of the United States of America, unless otherwise specified)

In September 2022, the Company entered into a share swap agreement, by which the Company swapped its 250,250,000 newly issued shares for 26 million of the common stock of Scientific Energy, Inc. ("SEI"), a company incorporated in the United States. The total consideration for the shares of SEI was HK\$10,010,000. By this acquisition, the Company owns 9.87% of SEI's capital shares. The fair value of SEI shares as at 31 December 2025 was approximately \$0.7 million as compared to approximately \$43.4 million as at 31 December 2024, a significant decrease of 98% mainly due to the decrease in price in SEI common stock.

OUTLOOK

As the Russia-Ukraine conflict moves towards resolution and tariff disputes ease, the global economy was expected to maintain a moderate recovery characterised by low growth and easing inflation through 2026. However, the outbreak and rapid escalation of the Middle East conflict in March 2026 has introduced new uncertainties to this outlook.

At the beginning of 2026, the International Monetary Fund projected global real GDP growth of approximately 3.3%, mainly driven by investment in artificial intelligence and easing tariff tensions. However, it cautioned that this outlook could change if geopolitical conflicts push up energy prices. Global inflationary pressure may re-emerge.

Among major economies, Europe and certain energy-importing countries in Asia may face imported inflation and pressure on real incomes, which may require tighter monetary policy. Some energy-exporting countries may benefit in the short term from higher oil prices, but may also face increased geopolitical and capital flow risks. Over the medium to long term, the crisis may accelerate global energy diversification, adoption of renewable energy and supply chain restructuring. It may also drive further investment in AI and green energy as new growth engines, while reinforcing the importance of geopolitics and economic security throughout 2026.

The Company considers persistent geopolitical tensions and strategic trade actions to be the principal risks facing the graphite sector. Nevertheless, rapid growth in electric vehicles, robotics and AI industries has created new opportunities for graphite. In 2025, the Company fundamentally transformed its graphite operations, explored platform-based trading models and actively pursued further industry opportunities. While the graphite sector in 2026 presents both risks and opportunities, the Company remains cautiously optimistic about the market as a whole.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(In this report, all the "\$" refers to the legal currency of the United States of America, unless otherwise specified)

The Company also remains positive about the outlook for its UK businesses. The opening order book for 2026 is at an encouraging level, and turnover is expected to remain at current high levels, with another £77 million budgeted. In addition, customers have already placed orders for delivery in 2027 and 2028. The UK business maintains a strong cash position with no significant debt, and its expected performance in 2026 is expected to strengthen this further. The Group will continue to broaden its customer base across different sectors to reduce concentration risk, while also continuing to invest in advanced capital equipment and research and development to enhance manufacturing capacity and service capability. The Company will continue to monitor inflationary trends in the UK, including those arising from global energy costs and labour market conditions.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2025, the Group's cash and cash equivalents were approximately \$13.0 million, compared with approximately \$12.6 million as at 31 December 2024. As at 31 December 2025, the Group recorded net current assets of approximately \$410.0 million (2024: approximately \$365.2 million). The Group had no bank borrowings as at 31 December 2025. As at 31 December 2025, the Group's gearing ratio, calculated as lease liabilities divided by total equity, was approximately 0.02% (2024: approximately 0.07%).

(I) 2018 CONVERTIBLE DEBENTURES

On 25 April 2018, the Company entered into a subscription agreement with China Minerals International Limited for 0% interest convertible debentures due on 25 April 2028 in an aggregate principal amount of HK\$600 million (net proceeds of HK\$569 million after expenses), for the purpose of building graphite production lines in Madagascar (the "2018 Convertible Debentures").

Reference is made to the announcement of the Company dated 15 August 2025 (the "Announcement"), on 21 May 2024, the Company disposed of two production lines in Madagascar, and shareholders' approval for the disposal was obtained at the extraordinary general meeting held on 22 July 2024. Since then, the Company has planned to operate its graphite business under a light-asset model. Accordingly, the Company plans to develop a graphite trading platform to enhance the global graphite product trading experience and to create synergies with the Group's existing business segments.

Having considered the above, the Board intended to change the use of the 2018 Unutilised Net Proceeds to working capital for the platform, being a Web3.0-enabled trading platform for mineral products (including graphite), including regular system maintenance and upgrades, ongoing cybersecurity and fraud prevention, and ongoing compliance costs.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(In this report, all the "\$" refers to the legal currency of the United States of America, unless otherwise specified)

As at 31 December 2025, the Company had received approximately HK\$102,115,500 (equivalent to US\$13,091,600) from the 2018 Convertible Debentures. Of this amount, approximately HK\$90,134,000 (equivalent to US\$11,555,600) had been utilised. Details of the revised allocation and the use of unutilised net proceeds from 2018 Convertible Debentures are set out below:

	Amount of net proceeds allocated as of 31 December 2024		Balance of net proceeds unutilised as of 31 December 2024		Revised allocation of unutilised amount of net proceeds		Amount of net proceeds utilised during the year ended 31 December 2025		Balance of net proceeds unutilised as of 31 December 2025	
	HK\$	US\$	HK\$	US\$	HK\$	US\$	HK\$	US\$	HK\$	US\$
	Plant and Warehouse	21,796,600	2,794,400	-	-	-	-	-	-	-
Production line	39,747,000	5,095,600	7,520,000	964,000	-	-	-	-	-	-
Pipeline, transport tools	33,484,500	4,293,000	4,461,500	572,000	-	-	-	-	-	-
Wages	1,560,000	200,000	-	-	-	-	-	-	-	-
Other	5,527,400	708,600	-	-	-	-	-	-	-	-
Working capital for the platform, being a Web3.0-enabled trading platform for mineral products	-	-	-	-	11,981,500	1,536,000	-	-	11,981,500	1,536,000
Total	102,115,500	13,091,600	11,981,500	1,536,000	11,981,500	1,536,000	-	-	11,981,500	1,536,000

The Company expects to utilise all unutilised net proceeds from 2018 Convertible Debentures on or before 31 December 2028.

As disclosed in the circular dated 23 October 2018, the subscriber has the right, at any time during the conversion period, to subscribe for and convert the convertible debentures, in whole or in part, in tranches, at times and in amounts determined at its discretion. Accordingly, unless the Company publishes a new announcement in relation to the construction of new production lines, the remaining amount under the 2018 Convertible Debentures is not expected to be subscribed before maturity on 25 April 2028.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(In this report, all the "\$" refers to the legal currency of the United States of America, unless otherwise specified)

(II) 2024 CONVERTIBLE DEBENTURES

On 26 April 2024, the Company entered into a subscription agreement with Mr. Zhang Zheng, an individual investor, for nil-interest convertible debentures due on 26 April 2030 in an aggregate principal amount of HK\$21 million (the "2024 Convertible Debentures"). The 2024 Convertible Debentures were issued under the general mandate granted by shareholders at the annual general meeting held on 6 June 2024.

As disclosed in the Announcement, the original intended use of the proceeds was to explore a new business direction that combined artificial intelligence with cultural industry applications in Web3.0 through its joint venture, GoMeta Limited, including, among other things, video and microfilm production or cooperation with well-known painters to generate animated videos from their works.

However, after entering into the subscription agreement for the 2024 Convertible Debentures, the Company was unable to reach agreement with potential partners on certain commercial terms relating to cooperation in video and microfilm production. As a result, GoMeta Limited has not commenced operations relating to the artificial intelligence business since its establishment and will not continue development of that business.

In light of this, the Company intended to shift the Web3.0 development focus to its existing graphite business by developing a graphite product trading platform to enhance the global graphite product trading experience and to leverage synergies across the Group's businesses.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(In this report, all the "\$" refers to the legal currency of the United States of America, unless otherwise specified)

As at 31 December 2025, the Group had received net proceeds of HK\$21,000,000 (equivalent to US\$2,692,269). Details of the revised allocation and the use of unutilised net proceeds from 2024 Convertible Debentures are set out below:

	Balance of net proceeds unutilised as of 31 December 2024		Amount of net proceeds received during the year ended 31 December 2025		Revised allocation of unutilised amount of net proceeds		Amount of net proceeds utilised during the year ended 31 December 2025		Balance of net proceeds unutilised as of 31 December 2025	
	HK\$	US\$	HK\$	US\$	HK\$	US\$	HK\$	US\$	HK\$	US\$
	Development of the artificial intelligence business	1,260,000	161,500	19,740,000	2,530,769	-	-	-	-	-
Research and development of graphite and various commodities trading platform	-	-	-	-	9,000,000	1,153,846	-	-	9,000,000	1,153,846
Marketing and brand building by organizing marketing campaigns and advertisements etc	-	-	-	-	5,500,000	705,435	-	-	5,500,000	705,435
Working capital for the trading platform such as regular system maintenance and updates of the platform, ongoing cybersecurity and fraud prevention and scaling cost, etc	-	-	-	-	6,500,000	832,988	-	-	6,500,000	832,988
Total	1,260,000	161,500	19,740,000	2,530,769	21,000,000	2,692,269	-	-	21,000,000	2,692,269

The Company expects to utilise all unutilised net proceeds from 2024 Convertible Debentures on or before 31 December 2027.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(In this report, all the "\$" refers to the legal currency of the United States of America, unless otherwise specified)

(III) 2025 CONVERTIBLE DEBENTURES

On 17 July 2025, the Company entered into a subscription agreement with Mr. Zhang Yi, an individual investor, for nil-interest six-year debentures due in 2031 in an aggregate amount of HK\$24,339,000 (the "2025 Convertible Debentures"). The 2025 Convertible Debentures were issued under the general mandate granted to the Directors at the annual general meeting held on 6 June 2025. Under the subscription agreement, a maximum of 79,800,000 new shares may be issued and allotted upon conversion.

As at 31 December 2025, the Company had received net proceeds of HK\$3,525,800 (equivalent to US\$452,025) and intended to use the net proceeds for the development of its Web3.0 business. Details of the allocation and the use of net proceeds from 2025 Convertible Debentures are set out below:

	Amount of net proceeds allocated		Amount of net proceeds utilised during the year ended 31 December 2025		Balance of net proceeds unutilised as of 31 December 2025	
	HK\$	US\$	HK\$	US\$	HK\$	US\$
Development of Web3.0 business	3,525,800	452,025	–	–	3,525,800	452,025
Total	3,525,800	452,025	–	–	3,525,800	452,025

The Company expects to utilise all unutilised net proceeds from 2025 Convertible Debentures on or before 31 December 2030.

INDEBTEDNESS

As at 31 December 2025:

- the Company had no bank borrowings or committed bank facilities;
- the Company had no borrowings from related parties; and
- the Company had no bank overdrafts.

As at 31 December 2025 and up to the date of this report, there had been no material adverse change in the Group's indebtedness.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(In this report, all the "\$" refers to the legal currency of the United States of America, unless otherwise specified)

CAPITAL COMMITMENTS

As at 31 December 2025, the Group had no capital commitments in respect of the purchase of fixed assets (2024: Nil).

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2025, the Group did not hold any significant investments.

MATERIAL ACQUISITIONS AND DISPOSALS

There were no material acquisitions or disposals of subsidiaries, associates or joint ventures during the year ended 31 December 2025.

CAPITAL STRUCTURE

During the year ended 31 December 2025, there was no change in the capital structure of the Company. The capital of the Company comprises ordinary shares and reserves.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group had 340 employees (2024: 328) in Hong Kong, the UK and Macau. The Group believes that its relationship with employees is satisfactory.

The remuneration policy for the Group's employees is determined by the Remuneration Committee with reference to employees' merit, qualifications and competence. The emoluments of the Directors are decided by the Remuneration Committee. No share option scheme is currently in operation.

FOREIGN EXCHANGE EXPOSURE

The Group's principal operating subsidiaries earn revenue and incur costs in Hong Kong dollars, US dollars, Renminbi and Sterling. Accordingly, the Group is exposed to foreign exchange fluctuations. The Group does not currently have a foreign currency hedging policy. It manages currency risk by closely monitoring foreign exchange exposure and maintaining net exposure at an acceptable level, and may consider hedging significant foreign currency exposure where appropriate.

DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2025 (2024: Nil).

MATERIAL UNCERTAINTIES

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(In this report, all the "\$" refers to the legal currency of the United States of America, unless otherwise specified)

LEGAL PROCEEDINGS

The Group is not aware of any pending or threatened legal proceedings which, if determined adversely, would have a material adverse effect on the business or operations of the Group.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Group has no significant events after the reporting period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with all code provisions of the Corporate Governance Code set out in Appendix C1 to the Listing Rules for the year ended 31 December 2025, except for the deviation set out below.

Code Provision C.2.1: Separation of the roles of chairman and chief executive

Code Provision C.2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, the Company does not maintain a separate chairman and chief executive, and Mr. Feng Zhong Yun currently performs both roles.

The Board believes that vesting both roles in Mr. Feng provides the Group with strong and consistent leadership, allows more effective planning and execution of long-term business strategies, and improves decision-making efficiency. As major decisions are made in consultation with members of the Board and relevant Board committees, and as the Board includes independent non-executive Directors who provide independent views, the Board considers that adequate safeguards are in place to ensure a proper balance of power and authority. The Board will continue to review and monitor the Company's corporate governance practices and will consider separating the roles of chairman and chief executive when appropriate.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules as its code of conduct for securities transactions by Directors. Having made specific enquiries of all Directors, the Company confirms that all Directors complied with the required standards set out in the Model Code during the year ended 31 December 2025.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(In this report, all the "\$" refers to the legal currency of the United States of America, unless otherwise specified)

REVIEW OF RESULTS BY AUDIT COMMITTEE

The Company established an audit committee in compliance with Rule 3.21 of the Listing Rules to review and supervise the Group's financial reporting process, risk management and internal control systems.

The Audit Committee comprises the following three independent non-executive Directors:

- Mr. Ng Lai Po (*Chairman*)
- Ms. Ye Yi Fan
- Dr. Yan Shao Shi

The Audit Committee has reviewed the accounting principles and practices adopted by the Group, and has discussed auditing, internal controls and financial reporting matters, including the annual results of the Group for the year ended 31 December 2025.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company will be despatched in due course to shareholders who have elected to receive printed copies of the Company's corporate communications, and will also be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company.

On behalf of the Board of

Elate Holdings Limited
Feng Zhong Yun
Managing Director

Hong Kong, 30 March 2026

REPORT OF THE DIRECTORS



The Directors are pleased to present this annual report and the audited consolidated financial statements of Elate Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) for the year ended 31 December 2025, which were approved by the Board of Directors on 30 March 2026.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the Group is principally engaged in the sales of graphite products worldwide, manufacture and sales of electronic products, and design and manufacturing in the UK, and exploration and development of businesses in relation to Web3.0.

The details of the principal activities of the subsidiaries are set out in Note 18 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2025 and the financial positions of the Company and the Group as at that date are set out in the audited consolidated financial statements on pages 76 to 82 of this annual report.

SEGMENT INFORMATION

Details of segment information are set out in Note 6 to the audited consolidated financial statements.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and financial position of the Group for the last five financial years is set out on page 158.

BUSINESS REVIEW

A review of the business of the Group for the year ended 31 December 2025 and a discussion on the Group’s future business development are provided in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 4 to 20.

DIVIDEND POLICY

The Company has adopted a dividend policy, pursuant to which the Company may distribute dividends to the shareholders of the Company by way of cash or shares. Any distribution of dividends shall be in accordance with the Articles and the distribution shall achieve continuity, stability and sustainability.

The recommendation of the payment of any dividend is subject to the discretion of the Board, and any declaration of final dividend will be subject to the approval of the shareholders. In determining the dividend for distribution to the shareholders, the Board will measure the capital needs in future years based on the future capital budget plan of the Company and consider factors such as profitability and financial structure and liquidity of the Company comprehensively. Any declaration of final dividend by the Company shall also be subject to the approval of the shareholders in a shareholders’ meeting.

The Dividend Policy will be reviewed from time to time and there is no assurance that a dividend will be proposed or declared in any specific periods.

The Board does not recommend the payment of any dividend for the year ended 31 December 2025 (2024: nil).



REPORT OF THE DIRECTORS

PRINCIPAL RISKS AND UNCERTAINTIES

The key risks affecting the business are the global economic environment, our competitors, and the advancement of technology. The business tries to mitigate these risks by having a spread of customers across several different market sectors; these customers in turn sell their products across the globe, therefore reducing the risk/impact of downturns in individual countries or regions. The business also invests in capital expenditure to remain at the forefront of technology so that the Company can match the service offering of our customers.

Supply Chain

The global marketplace is seeing supply chain issues across many sectors, with this being reported widely in the press, driven predominantly by advancements in AI technology. The impact of this has been increased lead times which can in turn delay the manufacturing process. To mitigate this risk management have increased the inventory/working capital of the business. This has not had a major impact on the business to date and management consider that supply chain issues will ease slightly in 2026.

Tariffs

The tariff war caused uncertainty and nervousness during 2025 for many customers who export into the US. This has eased recently as the US legal process has challenged and partly reversed these unlawful taxes. The Board will continue to monitor this situation and diversify our global footprint to mitigate these political risks.

Ukraine and Middle East conflict

The economic climate of the UK has been impacted by the conflict in Ukraine, particularly with the marked increase in the rate of inflation in recent years, driven by energy and gas prices. This has eased in recent months and inflation is now back to manageable levels in the UK, especially the UK subsidiary has mitigated the cost of energy prices by installing solar panels to its facility. But the outbreak of conflict in the Middle East in early 2026 has had a significant impact on global energy supplies and prices, creating considerable uncertainty; the Board will closely monitor developments and take appropriate measures.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2025, the Group's purchases from the five largest suppliers accounted for approximately 51.6% of the Group's total purchases and purchases from the largest supplier included therein accounted for approximately 26.3% of the Group's total purchases.

During the year, the Group's sales to the five largest customers accounted for approximately 62.5% of the Group's total turnover and sales to the largest customer included therein accounted for approximately 20.5% of the Group's total sales.

None of the directors of the Company, their associates, nor any shareholders which to the best knowledge of the directors own more than 5% of the Company's issued share capital, had any beneficial interests in the Group's five largest customers and suppliers in 2025 and 2024.

Throughout the years, the Group maintained uninterrupted communications and a good relationship with its customers and suppliers without any major disputes.

REPORT OF THE DIRECTORS



RELATIONSHIP WITH KEY STAKEHOLDERS

The Group emphasises on maintaining good relationship with its stakeholders and considers it a key element to sustainable business growth.

Employees

We have been people-oriented and have attached great importance to human resource management. We attract excellent talents through fair recruitment policy and provide employees with training opportunities, good career development prospect and growth opportunities. From time to time, we offer our employees remuneration packages that are comprehensive and attractive. We also value our employee's physical and mental development. Diverse events and activities are organised for the employees for fostering work-life balance and personal growth.

Customers

We are committed to offering our customers products and services to the best of our ability. We highly value comments and suggestions of our customers and have always maintained effective communications with the customers. We continue to reach out for current and prospective customers through, inter-alia, on-site visits and major customer satisfaction surveys. We believe that customers' feedback would help us to identify areas of improvement and advance us to achieve excellence.

Suppliers

Maintaining good relationship with suppliers is essential to our business performance and growth because suppliers can have direct influence over the quality of our products and services and customer satisfaction. We value the partnership with our suppliers and works together to promote sustainable development of the industries they operate. We are committed to establishing a close and long-term cooperation relationship with our suppliers and business partners.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group's Property, Plant and Equipment increased to approximately US\$13.5 million as at 31 December 2025 from approximately US\$13.0 million as at 31 December 2024.

Details of the movements in the Property, Plant and Equipment of the Group during the year are set out in Note 14 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 December 2025 are set out in Note 18 to the consolidated financial statements.



REPORT OF THE DIRECTORS

RESERVES

Details of movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity and in Note 31(a) to the consolidated financial statements.

SHARE OPTIONS

As of 31 December 2025, there were no share options outstanding.

SHARE CAPITAL

Details of movements in the share capital of the Company are set out in Note 30 to the audited consolidated financial statements.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group recognises its responsibility to protect the environment from its business activities. The Group has endeavored to comply with the laws and regulations regarding environmental protection and encourages environmental protection and promotes awareness towards environmental protections among our employees. Detail information on the environmental, social and governance practices of the Group is set out in the Environment, Social and Governance Report. Please refer to pages 53 to 69

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group seeks to uphold high standard of integrity in all aspects of business and is committed to ensure that its affairs are conducted in accordance with applicable laws and regulatory requirements and has formulated and adopted various internal control measures, approval procedures and training within all business units at all levels of the Group. During the year, there has been no violation or breach of relevant laws and regulations that had a significant impact on the Group.

DIRECTORS

The members of the Board during the year ended 31 December 2025 and up to the date of this report are:

Executive Directors:

Mr. Feng Zhong Yun, *Managing Director*
Ms. Zhang Xue

Independent Non-Executive Directors:

Mr. Ng Lai Po
Ms. Ye Yi Fan
Dr. Yan Shao Shi

REPORT OF THE DIRECTORS

Directors' Biographical Details

Mr. Feng Zhong Yun, age of 58, has been the Company's Executive Director and Managing Director since 31 December 2012. Prior to that, he was the Company's independent non-executive director from 15 November 2012 to 31 December 2012. Mr. Feng graduated from China Central Academy of Fine Arts and obtained his Bachelor of Arts degree in 1991.

Ms. Zhang Xue, age of 48, has been the Company's Executive Director since 2009. She held a bachelor's degree in Accountancy from Qingdao University. From 2001 to 2007, Ms. Zhang served as Accounting Manager in Beifang Mining Group Limited.

Mr. Ng Lai Po, age of 58, has been the Independent Non-executive Director of the Company since December 2012. Mr. Ng obtained his Bachelor of Social Sciences from the University of Hong Kong in 1990. Mr. Ng is a fellow member of the Association of Chartered Certified Accountants since 1999. Mr. Ng has over 27 years of experience in finance, accounting and management. Mr. Ng was the Internal Audit Controller of Kader Holdings Company Limited (HK listed stock code 180); the Head of Finance – China of Hong Kong G2000 Group; the Head of Group Financial Control of Chow Sang Sang Holdings International Limited (HK listed stock code 116); the Chief Financial Officer of A&H Manufacturing Group – Asia Region; the Financial Controller of Shenzhen Wanji Pharmaceutical Co., Ltd./Hong Kong Wanji Group Limited; the Financial Controller of Brightway Petroleum Group (Holdings) Ltd. Mr. Ng is currently an executive director of M&L Engineering & Materials Ltd.

Ms. Ye Yi Fan, age of 43, has been the Company's Independent Non-executive Director since 8 January 2021. Ms. Ye graduated from Beijing Film Academy in China, and participated in movies and TV shows shooting. Ms. Ye also taught performing arts.

Dr. Yan Shao Shi, aged 43, has been the Company's Independent Non-executive Director since 11 July 2023. Dr. Yan is an Assistant Professor and a Ph.D. Advisor in Macau University of Science and Technology. Dr. Yan obtained her doctoral degree from Macau University of Science and Technology, and her teaching and research areas include design, culture and communication.

There are no relationships (including financial, business, family or other material/relevant relationship(s)), if any, between Board members and in particular, between the chairman and the chief executive of the Company.

Under the Articles of Association of the Company, all of the directors are subject to retirement by rotation and re-election at the annual general meeting. In accordance with Articles of Association of the Company, Ms. Zhang Xue and Dr. Yan Shao Shi will retire by rotation and, being eligible, offer themselves for re-election at the coming annual general meeting.



REPORT OF THE DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each Independent Non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Company considers all the Independent Non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

None of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract.

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

During the year under review, none of the Company's Directors had a material interest, either direct or indirect, in any contract of significance to the business of the Company to which the Company or any of its subsidiaries was a party.

At no time during the year was the Company or any of the Company's subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the year ended 31 December 2025, none of the Company's Directors are considered to have interests in the business which compete or are likely to compete with the business of the Group pursuant to the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Directors' and Chief Executives' Interests in Shares or Debentures" below, at no time during the year was the Company, or any of its subsidiaries a party to any arrangement to enable the Company's Directors or their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES OR DEBENTURES

As at 31 December 2025, none of the Directors and Chief Executive of the Company had interest in the shares, underlying shares and debentures of the Company and its associated companies, within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors or the Chief Executive were deemed or taken to have under such provisions of the SFO, which are required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO, or which were notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers ("Model Code") contained in the Listing Rules.

All Directors have confirmed that they complied with the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules throughout the review period.

REPORT OF THE DIRECTORS

DIRECTORS' REMUNERATION

The emoluments of the Directors are determined by the Board, as authorised by shareholders at the Annual General Meeting, with reference to directors' duties, responsibilities and performance and the results of the Group.

The emoluments of the Directors of the Company (including Executive Directors and Independent Non-executive Directors) on a named basis are set out in Note 10 to the consolidated financial statements for the year ended 31 December 2025.

MANAGEMENT CONTRACTS

No contracts of significance concerning the management and administration of the whole or any substantial part of the business of the Company or any of its subsidiaries were entered into during the year or subsisted at the end of the year.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken by the Group are set out in Note 35 to the consolidated financial statements

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSON'S INTEREST IN SHARES

So far as the Directors are aware, as at 31 December 2025, no person had or was deemed or taken to have an interest and/or short position in the shares or the underlying shares of the Company which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period under review, neither the Company, nor its subsidiaries, purchased, sold, or redeemed any of the Company's listed securities.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association of the Company, directors and officers of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which they may sustain or incur in or about the execution of the duties of their office or otherwise in relation thereto, provided that such indemnity provisions in the Company's Articles of Association shall only have effect in so far, they are not avoided by the Hong Kong Companies Ordinance. Such provisions were in force during the year ended 31 December 2025 and remained in force as of the date of this Report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.



REPORT OF THE DIRECTORS

CORPORATE GOVERNANCE

The Board is of the view that save and except for a deviation from code provision C.2.1, the Company has complied all the code provisions set out in the prevailing Corporate Governance Code as set out in Appendix C1 to the Listing Rules of the Stock Exchange of Hong Kong Limited for the year ended 31 December 2025. A report on the principal corporate governance practices adopted by the Company is set out in the section headed “Corporate Governance Report” of this annual report.

DEFINED CONTRIBUTION RETIREMENT PLAN

The Company and its subsidiaries in Hong Kong have sponsored their employees to join the Mandatory Provident Fund Scheme established under the Mandatory Provident Fund Schemes Ordinance. Under the MPF Scheme, each of the Group (the “employer”) and its employees makes monthly contributions to the Scheme at 5% of the employees’ earnings as defined under the Mandatory Provident Fund Schemes Ordinance. The contributions from employer and each of the employees respectively are subject to a cap of HK\$1,500 per month and thereafter contributions are voluntary. The assets of the MPF Scheme are held separately from those of the Group and managed by an independent trustee.

The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group’s employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed amount of public float during the year and up to the date of this annual report as required under the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

There are no material subsequent events undertaken by the Company or by the Group after 31 December 2025 and up to the date of this Report.

INDEPENDENT AUDITOR

The consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2025 have been audited by McMillan Woods (Hong Kong) CPA Limited, who are eligible, offer themselves for re-appointment. A resolution for the re-appointment of McMillan Woods (Hong Kong) CPA Limited as auditors of the Company is to be proposed at the forthcoming annual general meeting.

On Behalf of the Board

Feng Zhong Yun
Managing Director

Hong Kong, 30 March 2026

CORPORATE GOVERNANCE REPORT

The Board of Directors (the “Board”) of Elate Holdings Limited (the “Company”), together with its subsidiaries (referred as the “Group”) is pleased to present the Corporate Governance Report of the Company for the year ended 31 December 2025.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to upholding a high standard of corporate governance and business ethics in the firm belief that they are essential for enhancing investors’ confidence and maximizing shareholders’ returns. The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of stakeholders, and to comply with increasingly stringent regulatory requirements as well as fulfil its commitment to excellence in corporate governance.

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code contained in the Appendix C1 (the “CG Code”) to the Rules Governing the Listing of Securities (“Listing Rules”) on the Stock Exchange of Hong Kong.

The Board periodically reviews and monitors the Company’s policies and practices on corporate governance or compliance with legal and regulatory requirements to ensure that the Group’s operations are conducted in accordance with the standards of the CG Code and applicable disclosure requirements. The Company also values its stakeholders and their feedback regarding its businesses and ESG aspects, for “engagement with shareholders”, please refer to the ESG Report. The Board is of the view that throughout the year ended 31 December 2025, the Company has complied with all the applicable CG Code, except for the deviation as stated below:

Code provision C.2.1: The roles of chairman and chief executive should be separate

Code provision C.2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, the Company does not have a separate chairman and chief executive and Mr. Feng Zhong Yun currently performs these two roles. The Board believes that vesting the roles of both Chairman and chief executive officer in Mr. Feng provides the Group with strong and consistent leadership, allows for more effective planning and execution of long-term business strategies and enhances efficiency in decision-making. As all major decisions are made in consultation with members of the Board and relevant Board committees, and there are independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board will continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company. The Board will continue to review and consider the separation of the duties of the Chairman and Chief Executive if and when appropriate.



CORPORATE GOVERNANCE REPORT

CORPORATE CULTURE AND STRATEGY

By recognising the importance of stakeholders at the Board level and throughout the Group, we strive to create values to the stakeholders through sustainable growth and continuous development. The Board of the Company has set out the following values to provide guidance on employees' conduct and behaviours as well as the business activities, and to ensure they are embedded throughout the Company's vision, mission, policies and business strategies:

- (i) Integrity – We strive to do what is right;
- (ii) Excellence – We aim to deliver excellence;
- (iii) Collaboration – We are always better together;
- (iv) Empathy – We care about our stakeholders – employees, supply chain and the community; and
- (v) Sustainability – We are committed to a sustainable development.

The Group will continuously review and adjust, if necessary, its business strategies and keep track of the changing market conditions to ensure prompt and proactive measures will be taken to respond to the changes and meet the market needs to foster the sustainability of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as the Company's code of conduct regarding Directors' securities transactions. Upon specific enquiries, all Directors confirmed that they have complied with the standards as set out in the Model Code throughout the year ended 31 December 2025.

As at 31 December 2025, none of the Directors and Executive Officers of the Company and their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations that were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

The Model Code also applies to the Company's all relevant employees who are likely to be in possession of inside information of the Company. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

CORPORATE GOVERNANCE REPORT

THE BOARD OF DIRECTORS

The Company is committed to holding the view that the Board should include a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element in the Board, which can effectively exercise independent judgement. The Board has established three Board committees, being the Audit Committee, the Remuneration Committee, and the Nomination Committee, to oversee different areas of the Company's affairs.

As at the date of this report, the Board consists of five members, including two executive Directors and three independent non-executive Directors. Details of their composition by category are as below. More than one-third of the Board is represented by independent non-executive Directors with one of whom being a chartered certified accountant.

There are no relationships (including financial, business, family or other material/relevant relationship(s)), if any, between Board members.

Executive Directors:

Name of Director	Date of Appointment	Years of Service
Mr. Feng Zhong Yun, <i>Managing Director</i>	15 Nov 2012	13
Ms. Zhang Xue	1 Sep 2009	16

Independent Non-Executive Directors:

Name of Director	Date of Appointment	Years of Service
Mr. Ng Lai Po	31 Dec 2012	13
Ms. Ye Yi Fan	8 Jan 2021	5
Dr. Yan Shao Shi	11 Jul 2023	2

The biographical information of the Directors and their relationships between the members of the Board are set out in the "Report of the Directors" of this report.

CORPORATE GOVERNANCE REPORT

Responsibilities of the Board

The Board is elected by the shareholders of the Company and is to exercise the functions granted by the general meetings and the articles of association of the Company. The major responsibilities of the Board are to set the Group's overall objectives and strategies, monitor and evaluate its operating and financial performance and review the corporate governance standard of the Group. It also decides on matters such as annual and interim results, major transactions, director appointments or re-appointments, investment policy, dividend and accounting policies. The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operations of the Group's businesses to the executive Directors and members of senior management. The functions and power that are so delegated are reviewed periodically to ensure that they remain appropriate.

In respect of its corporate governance functions, the Board is responsible for the following:

- (a) developing and reviewing the Company's policies and practices on corporate governance;
- (b) reviewing and monitoring the training and continuous professional development of Directors and senior management;
- (c) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) developing, reviewing and monitoring the code of conduct and compliance policies applicable to employees and directors; and
- (e) reviewing the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

All Directors have full and timely access to all relevant information as well as the advice and services of the company secretary of the Company, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The Directors, individually and collectively, have a duty to act in good faith and in the best interests of the Company. The Directors are aware of their collective and individual responsibilities to the Company and shareholders in respect of the manner in which the affairs of the Company are being controlled and managed.

Directors are requested to make declaration of their direct or indirect interests, if any, in any proposals or transactions to be considered by the Board. If a director has a potential conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with in accordance with applicable rules and regulations and, if appropriate, an independent board committee will be set up to deal with the matter.

All Directors are required to declare to the Board upon their first appointment, the directorships or other positions they are concurrently holding at other companies or organizations. These interests are updated on an annual basis and when necessary.

Appointment, Re-election, and Retirement of Directors

In accordance with the Company's Articles of Association, a person may be appointed as a Director either by shareholders in general meeting or by the Board. Any Directors appointed by the Board as additional Directors or to fill casual vacancies shall hold office until the next following general meeting, and are eligible for re-election by shareholders. In addition, all the Directors are required to retire by rotation at least once every three years at the annual general meeting, and are eligible for re-election by shareholders.

In accordance with the Company's Articles of Association, all Directors are not appointed for a specific term, but they are subject to retirement by rotation at least once three years and are eligible for re-election at the annual general meeting by the shareholders.

To further enhance accountability, any appointment of an Independent Non-executive Director who has served on the Board for more than nine years will be subject to a separate resolution to be approved by shareholders. The Company will state in the related circular and notice of the annual general meeting the reason why the Company considers the Independent Non-executive Director is still independent and recommendation to shareholders to vote in favour of the re-election of such Independent Non-executive Director. During the year ended 31 December 2025, Mr. Ng Lai Po, an existing Independent Non-executive Director, has served on the Board for more than nine years.

Independent Non-Executive Directors

The role of the independent non-executive directors is to provide independent and objective opinions to the Board, giving adequate control and balances for the Group to protect the overall interests of shareholders and the Group. They serve actively on the Board and its committees to provide their independent and objective views.

During the year ended 31 December 2025, the Board, at all times, met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors, representing at least one-third of the Board with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received from each of the Independent Non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and considers each of them to be independent. Each of the Independent Non-executive Directors of the Company has not been appointed for a specific term, as they were subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the Company's Articles of Association.

BOARD INDEPENDENCE

The Company has established mechanisms to ensure independent views and input are available to the Board and such mechanisms will be reviewed annually by the Board. During the year under review, the Board has reviewed the implementation and effectiveness of the following mechanisms at the Board meeting:

- (a) Three out of the five Directors are INEDs, which exceeds the requirement of the Listing Rules that at least one-third of the Board are independent non-executive Directors.



CORPORATE GOVERNANCE REPORT

- (b) Apart from complying with the requirements prescribed by the Listing Rules as to the composition of certain Board committees, INEDs will be appointed to all Board committees as far as possible to ensure independent views are available.
- (c) The Nomination Committee will assess the independence of a candidate who is nominated to be a new INED before appointment and the continued independence of the current long-serving INEDs on an annual basis.

Each INED is also required to inform the Company as soon as practicable if there is any change in his/her own personal particulars that may materially affect his/her independence. All INEDs are required to submit a written confirmation to the Company annually to confirm the independence of each of them and their immediate family members, and their compliance with the requirements as set out in the Rule 3.13 of the Listing Rules.

- (d) All Directors are entitled to seek further information and documentation from the management on the matters to be discussed at board meetings. They can also seek assistance from the Company's company secretary (the "Company Secretary") and, where necessary, independent advice from external professional advisers at the Company's expense.
- (e) All Directors are encouraged to express their views in an open and candid manner during the Board/Board Committees meetings.
- (f) A Director (including INED) who has material interest in any contract, transaction or arrangement shall abstain from voting and not be counted in the quorum on any Board resolution approving the same.
- (g) No equity-based remuneration with performance-related elements will be granted to INEDs.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy to comply with the code provision on board diversity. The Company recognizes and embraces the benefits of diversity of Board members. While all Board appointments will continue to be made on a merit basis, the Company will ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the Company's business. Selection of candidates will be based on the Board's nomination policy and a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge.

The Board considered that Independent Non-executive Directors can enhance the effectiveness and decision-making of the Board by providing independent view, objective judgement and constructive challenge to the Board and management of the Group. As at the date of this Report, the Board comprises five Directors. Three of the Directors are Independent Non-executive Directors. The Board believes that gender diversity is a representing manifestation of Board diversity, among all other measurable objectives. Since 2023 to the date of this report, the Company has two male Directors and three female Directors. The Board is of the view that the existing gender diversity in respect of the Board is sufficient, and that the nomination policy of the Company can ensure that there will be a pipeline of potential successors to the Board which continues the existing gender diversity in the Board. The Board is also characterised by significant diversity, whether considered in terms of professional background and skills.

CORPORATE GOVERNANCE REPORT

As at the date of this report, the Board comprises two male Directors and three female Directors. Three of the Directors are independent non-executive Directors. As at 31 December 2025, the gender ratio of the Company's workforce was approximately 49.1% male to 50.9% female. The Company's hiring is merit-based and non-discriminatory. The Board is satisfied that the Company has achieved gender diversity in its workforce.

DIRECTORS' CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT

Under the code provision C.1.4 of the CG Code, all directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the board remains informed and relevant. All Directors are provided with updates on the Company's performance and financial position to enable the Board as a whole and each Director to discharge their duties. In addition, briefings and updates on the latest development regarding the Listing Rules and other applicable regulatory requirements are provided to the Board during Board meetings to ensure compliance and enhance their awareness of good corporate governance practices. The Company also, at its expense, arranges and provided suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director.

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

For the year ended 31 December 2025, all Directors participated in continuous professional training by attending external training or seminars on various topics, to develop and refresh their knowledge and skills, which ensure that they have comprehensive and required information to make contributions to the Board. All Directors have provided their records of training to the Company.

According to the records maintained by the Company, the summary of the Directors' training for the year ended 31 December 2025 is as follows:

Directors	Listing Rules and Legal Compliance	Corporate Governance and ESG	Risk Management and Internal Control	Board and Directors' Duties	Industry and Business Update	Total Training Hours
Executive Directors						
Mr. Feng Zhong Yun	✓	✓	✓	✓	✓	11 hours (E)/17 (S)
Ms. Zhang Xue	✓	✓	✓	✓	✓	11 hours (E)/14 (S)
Independent Non-Executive Directors						
Mr. Ng Lai Po	✓	✓	✓	✓	✓	10 hours (E)/10 (S)
Ms. Ye Yi Fan	✓	✓	✓	✓	✓	10 hours (E)/14 (S)
Dr. Yan Shao Shi	✓	✓	✓	✓	✓	10 hours (E)/16 (S)



CORPORATE GOVERNANCE REPORT

Notes:

E=External trainings provided by professional

S=Self-study

BOARD PERFORMANCE REVIEW

The Board conducts performance review every two years, with a view to assessing its effectiveness in discharging its duties and responsibilities. The evaluation covers key aspects of the Board's work, including strategic planning and oversight, meeting arrangements and communication, board composition and competence, corporate governance and compliance, performance evaluation and improvement, stakeholder relations, and innovation and sustainable development.

The Board's composition remained appropriate to the Company's business and governance needs, with a suitable mix of experience and professional backgrounds. Regular reviews and ongoing training were undertaken to ensure that directors remained informed of relevant business, regulatory and market developments.

During the year under review, the Board conducted a comprehensive review of the Company's corporate governance framework and identified certain areas where further enhancements could be made. While the existing policies and procedures generally supported the Board in discharging its responsibilities and promoting accountability, the Board recognises that ongoing refinement is necessary to align with evolving regulatory expectations and stakeholder interests. Accordingly, measures have been introduced to strengthen governance structure, improve the decision-making process, and foster greater transparency across the organisation. For further details of the measures to be taken, please refer to "Risk Management and Internal Control" in the Corporate Governance Report.

Going forward, the Board remains committed to continuous improvement and to maintaining a governance culture grounded in integrity, accountability and transparency, with the ultimate objective of supporting the Company's sustainable development and long-term success.

DIRECTORS' TIME COMMITMENT AND CONTRIBUTION TO THE BOARD

The Company values active participation and commitment of individual directors to the Company's affairs, which is reflected in their time commitment. All Directors should ensure that sufficient time and attention is allocated to the Company to discharge their duties. They are required to disclose to the Company the number and nature of offices held in public companies or other organisations and his or her significant commitments at the time of his or her appointment, and any subsequent changes thereto in a timely manner.

The Nomination Committee reviewed and assessed each Director's time commitment and contribution to the Board during 2025 and each Director's ability to discharge his or her responsibilities. The Nomination Committee considered that each Director gave sufficient time and attention to the affairs of the Company and undertook his or her responsibilities during 2025.

CORPORATE GOVERNANCE REPORT

BOARD SKILLS MATRIX

The Company undertook an evaluation of the Board's skills matrix, covering key dimensions including professional knowledge and experience, leadership and decision-making capabilities, governance and oversight responsibilities, as well as personal attributes and individual contributions. The objective of this evaluation was to ensure that the Board as a whole possesses an appropriate balance of skills, experience, and diversity of perspectives to effectively discharge its duties and provide sound strategic guidance to the Company.

The evaluation results indicate that the Directors collectively demonstrate a broad range of complementary expertise and strengths across different areas. This balanced composition enables the Board to perform its oversight and decision-making functions effectively, facilitates productive dialogue and informed judgment, and enhances the overall synergy and effectiveness of the Board in guiding the long-term success of the Company.

BOARD MEETINGS AND DIRECTORS' ATTENDANCE

Code Provision C.5.1 of the CG Code stipulates that the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the year ended 31 December 2025, the Board has held four meetings. It involves active participation, either in person or through electronic means of communication, of a majority of Directors. All Directors are given an opportunity to include any matters in the agenda for all Board meetings and are given sufficient time to review documents and information relating to matters to be discussed during the Board meetings in advance. For all regular Board meetings, the Board reviewed the operation and financial performance, and reviewed and approved the annual and interim results. And in order to ensure all Directors could plan in advance their availability, a notice of at least 14 days is given for regular meetings.

Board minutes are kept by the Company Secretary and are open for inspection by the Directors. Every Board member is entitled to have access to Board papers and related materials and has unrestricted access to the advice and services of the Company Secretary, and has the right to seek external professional advice if required.

During the year ended 31 December 2025, four board meetings and one annual general meeting were held. Details of the attendance of the meetings of the Board are as follows:

Directors	Board Meeting	Annual General Meeting
Mr. Feng Zhong Yun	4/4	1/1
Ms. Zhang Xue	4/4	1/1
Mr. Ng Lai Po	4/4	1/1
Ms. Ye Yi Fan	4/4	1/1
Dr. Yan Shao Shi	4/4	1/1



CORPORATE GOVERNANCE REPORT

Code provision C.2.7 stipulates that the Chairman should at least annually hold meetings with the independent non-executive directors without the presence of other Directors. Without a Chairman of the Board, Mr. Feng Zhong Yun, the Managing Director, held meeting with the independent non-executive Directors once a year without the presence of other Directors during the year ended 31 December 2025.

The independent non-executive Directors have attended general meetings to gain and develop a balanced understanding of the view of shareholders.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision C.2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, the Company does not have a separate chairman and chief executive, and Mr. Feng Zhong Yun currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in Mr. Feng provides the Group with strong and consistent leadership, allows for more effective planning and execution of long-term business strategies and enhances efficiency in decision-making. As all major decisions are made in consultation with members of the Board and relevant Board committees, and there are independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board will continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company. The Board will continue to review and consider the separation of the duties of the Chairman and Chief Executive if and when appropriate.

COMPANY SECRETARY

Ms. Lam Lee Yu, the Company Secretary, is a full-time employee of the Company and has day-to-day knowledge of the Company's affairs. She reports to the Chairman of the Board and Chief Executive Officer and is responsible for ensuring there is a good and timely flow of information to Directors, both in their roles as Board members and as members of individual Board Committees. She also assists with the continuing professional development of Board members.

The Company Secretary is responsible for taking and keeping minutes of all Board and Board Committee meetings. The Company Secretary also plays an important role in advising the Board on all corporate governance-related matters and is also available to provide advice to the Board.

All Directors have full access to the services of the Company Secretary and are provided with adequate, reliable and timely information about the operations and latest development of the Group to enable the Directors to discharge their responsibilities and make timely decision. Through the Company Secretary, independent professional advice could be sought to assist the relevant Directors to discharge their duties at the Group's expense upon their request.

During the year ended 31 December 2025, the Company Secretary complied with the relevant professional training requirement under Rule 3.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

BOARD COMMITTEES

As an integral part of good corporate governance practices, the Board has established three committees, namely, the Audit Committee, Nomination Committee, and Remuneration Committee, for overseeing particular aspects of the Company's affairs. Each of these committees comprises mostly independent non-executive Directors who have been invited to serve as members. These committees are governed by the respective terms of reference approved by the Board. The terms of reference of these committees are posted on the websites of the Company and the Stock Exchange and available to shareholders upon request.

The Board and the Board committees are provided with all necessary resources including the advice of external auditor, external legal advisers and other independent professional advisors as needed.

Audit Committee

The Company has established the Audit Committee with written terms of reference in accordance with Rule 3.21 of the Listing Rules and the CG Code. As of the date of this report, the Audit Committee comprises three Independent Non-executive Directors, namely:

- Mr. Ng Lai Po (*Chairman*)
- Ms. Ye Yi Fan
- Dr. Yan Shao Shi

All members of Audit Committee are Independent Non-executive Directors. The Audit Committee is chaired by Mr. Ng Lai Po, who possesses appropriate professional qualifications or accounting or related financial management expertise. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The principal responsibilities of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems, and relationship with external auditors of the Group, overseeing the audit process and performing other duties and such responsibilities as assigned by the Board. The Audit Committee meets with the Company's external auditors to discuss any area of concern during the audit or review as well as their evaluations of the system of risk management and internal control. The Audit Committee reviews the interim and annual reports before submission to the Board. The Audit Committee focuses not only on the impact of standards, but also on the Listing Rules and the legal requirements in the review of the Group's interim and annual reports.

Major work completed by the Audit Committee during the year includes:

- (a) reviewed the Group's annual report, interim financial information and annual financial statements;
- (b) reviewed significant accounting and audit issues;
- (c) considered and made recommendations on the re-appointment of the independent auditor of the Group, and the terms of engagement;

CORPORATE GOVERNANCE REPORT

- (d) assisted the Board to evaluate on the effectiveness of financial reporting procedures and internal control systems;
- (e) reviewed the adequacy and effectiveness of the Group's system of internal control and risk management;
- (f) reviewed the compliance with the Corporate Governance Code, the SFO, the Hong Kong Companies Ordinance and the Listing Rules;
- (g) advised on material event or drawing the attention of the management on related risks; and
- (h) reviewed connected transactions entered into by the Group or subsisting, if any.

During the year ended 31 December 2025, the Audit Committee held four meetings. The attendance record of these meetings is set out below:

Name of Audit Committee members	Number of Meetings Attended/Held	Attendance Rate
Mr. Ng Lai Po	4/4	100%
Ms. Ye Yi Fan	4/4	100%
Dr. Yan Shao Shi	3/4	75%

Nomination Committee

As of the date of this report, the Nomination Committee comprises the following three Independent Non-executive Directors:

- Ms. Ye Yi Fan (*Chairman*)
- Mr. Ng Lai Po
- Dr. Yan Shao Shi

Terms of reference of the Nomination Committee set out the Committee's authorities and duties, which follow closely the guidelines of the code provisions of the CG Code. The principal duties of the Nomination Committee are as follows:

- (a) To review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, to assist the Board in maintaining a board skills matrix, and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (b) To identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- (c) To assess the independence of independent non-executive directors;

CORPORATE GOVERNANCE REPORT

- (d) To make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive;
- (e) To review the Director Nomination Policy and the Board Diversity Policy and any measurable objectives for implementing such Director Nomination Policy and Board Diversity Policy as may be adopted by the Board from time to time and to review the progress on achieving the objectives; and to make disclosure of its review results in the annual report of the Company annually; and
- (f) To review and assess each director's time commitment and contribution to the Board as well as the director's ability to discharge his or her responsibilities effectively.

The Board's nomination policy is to find individuals of high integrity who have a solid record of accomplishment in their chosen fields and who possess the qualifications, qualities and skills to effectively represent the best interests of the Company and its shareholders. Candidates will be selected for their ability to exercise good judgment, and to provide practical insights and diverse perspectives. Candidates also will be assessed in the context of the then-current composition of the Board, the operating requirements of the Company. In conducting this assessment, the Nomination Committee will, in connection with its assessment and recommendation of candidates for director, consider diversity (including, but not limited to, gender, race, ethnicity, age, experience and skills) and such other factors as it deems appropriate given the then-current and anticipated future needs of the Board and the Company, and to maintain a balance of perspectives, qualifications, qualities and skills on the Board.

During the year ended 31 December 2025, the Nomination Committee held one meeting. Among other things, the major work completed by the Nominate Committee during the year includes: reviewed the size, structure and composition of the Board and assessed the independence of Independent Non-executive Directors pursuant to code provision B.3.1 of the Corporate Governance Code and made recommendations to the Board on the re-election of retiring Directors at the forthcoming annual general meeting of the Company. It also conducted a review on the diversity of the Board and recommended to the Board for approval of the appointment of Dr. Yan Shao Shi as an Independent Non-executive Director of the Company.

The attendance record of these meetings is set out below:

Name of Nomination Committee members	Number of Meetings Attended/Held	Attendance Rate
Ms. Ye Yi Fan	1/1	100%
Mr. Ng Lai Po	1/1	100%
Dr. Yan Shao Shi	1/1	100%

CORPORATE GOVERNANCE REPORT

Remuneration Committee

The Company has established the Remuneration Committee with written terms of reference in accordance with Rule 3.25 of the Listing Rules and the CG Code. As of the date of this report, the Remuneration Committee comprises the following three Independent Non-executive Directors:

- Dr. Yan Shao Shi (*Chairman*)
- Mr. Ng Lai Po
- Ms. Ye Yi Fan

Terms of reference of the Remuneration Committee set out the committee's authorities and duties, which follow closely the guidelines of the code provisions of the CG Code. The principal duties of the Remuneration Committee are as follows:

The principal duties of the Remuneration Committee are to provide advices and recommendations to the Board on:

- To make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- To make recommendations to the Board on the remuneration packages of individual Executive Directors and senior management;
- To make recommendations to the Board on the remuneration of Non-executive Directors;
- To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- To review and approve compensation payable to Executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- To review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
- To ensure that no Director or any of his/her associates is involved in deciding that Director's own remuneration.

No Director takes part in any discussion on his/her own remuneration.

CORPORATE GOVERNANCE REPORT

The Company's objective for its remuneration policy is to maintain fair and competitive packages based on business requirements and industry practice. In order to determine the level of remuneration and fees paid to members of the Board, market rates and factors such as each director's workload, performance, responsibility, job complexity and the Group's performance are taken into account.

The remuneration policy for the Directors and our senior management members is based on their experience, level of responsibility, length of service and general market conditions. Any discretionary bonus and other merit payments are linked to the financial results of the Group and the individual performance of the directors and senior management members.

The Remuneration Committee meets generally once a year and at such other time as necessary. Any Committee member may convene a meeting of the Remuneration Committee. During the year ended 31 December 2025, the Remuneration Committee held one meeting.

Major work completed by the Remuneration Committee during the year includes:

- (a) reviewed the remuneration policy and structure relating to the Directors and senior management of the Company; and
- (b) reviewed and made recommendation of the Directors' fees of all the independent non-executive Directors for approval by the Board.

The attendance record of these meetings is set out below:

Name of Remuneration Committee members	Number of Meetings Attended/Held	Attendance Rate
Dr. Yan Shao Shi	1/1	100%
Mr. Ng Lai Po	1/1	100%
Ms. Ye Yi Fan	1/1	100%

Executive Directors' Remuneration

The remuneration paid to the Executive Directors of the Company in 2025 was as below:

Name of Executive Directors	Compensation Per Annum (US\$'000)
Mr. Feng Zhong Yun	15
Ms. Zhang Xue	33

CORPORATE GOVERNANCE REPORT

No Executive Director has a service contract with the Company or any of its subsidiaries with a notice period in excess of one year or with provisions for predetermined compensation on termination that exceeds one year's salary and benefits in kind.

Details of the emoluments of each Director and 5 highest paid employees as required to be disclosed pursuant to Appendix D2 to the Listing Rules are set out in Notes 10 and 11 to the consolidated financial statements contained in this annual report.

Directors' and Officers' Insurance

Pursuant to the Articles of Association of the Company, directors and officers of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which they may sustain or incur in or about the execution of the duties of their office or otherwise in relation thereto, provided that such indemnity provisions in the Company's Articles of Association shall only have effect in so far, they are not avoided by the Hong Kong Companies Ordinance. Such provisions were in force during the year ended 31 December 2025 and remained in force as of the date of this Report.

For the year ended 31 December 2025, no claims under the insurance policy were made.

AUDITOR'S REMUNERATION

The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of such auditor; reviewing the interim and annual reports and accounts of the Group; and overseeing the Group's financial reporting system and internal control procedures. During the years ended 31 December 2025 and 2024, the remuneration paid/payable to the Company's auditors, BDO Limited (resigned on 1 August 2025) and McMillan Woods (Hong Kong) CPA Limited (appointed on 4 August 2025), is set out below:

Fee Category	2025	2024
	US\$'000	US\$'000
Audit fees	269	402
Other services	23	168

The Board's policy is to pre-approve all audit services and all permitted non-audit services as set forth by the Listing Rules of the Hong Kong Stock Exchange to be provided by the Company's independent auditor.

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditor during the year under review.

DIRECTORS' RESPONSIBILITY IN PREPARING FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Group's accounts for each financial period and to ensure that the financial statements are in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of the consolidated financial statements. The Directors, having made appropriate enquiries, confirm that they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

The Board also ensures timely publication of the Group's financial statements and aims to present a clear, balanced and understandable assessment of the Group's performance and position through all its publications and communications to the public. The Board is also aware of the requirements under the applicable rules and regulations about timely disclosure of inside information.

The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The report from McMillan Woods (Hong Kong) CPA Limited, the independent auditor of the Company, regarding their responsibilities and opinion on the financial statements of the Group for the year ended 31 December 2025 is set out in the "Independent Auditor's Report" in this report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognizes its responsibility to ensure the Company maintains a sound and effective risk management and internal control system. The Company submits updated management accounts to the Board on a monthly basis to ensure that the Board is kept fully informed of the latest financial position. The system includes a defined management structure with limits of authority, and are designed to help the Group identify, evaluate and manage the significant risks to achieve its business objectives, safeguard its assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant laws and regulations. The Group's internal control system is designed to safeguard assets against misappropriation and unauthorized disposition and to manage operational risks. Review of the Group's internal controls covering major financial, operational and compliance controls, as well as risk management functions. The controls built into the risk management system is intended to manage, not eliminate, significant risks in the Group's business environment.

The procedures used to identify, evaluate and manage major risks by the Group are summarised as follows:

Risk Identification

- Identifies risks that may potentially affect the Group's business and operations.

Risk Assessment

- Assesses the risks identified by using the assessment criteria developed by the management; and
- Considers the impact on the business and the likelihood of their occurrence.

CORPORATE GOVERNANCE REPORT

Risk Response

- Prioritises the risks by comparing the results of the risk assessment; and
- Determines the risk management strategies and internal control procedures to prevent, avoid or mitigate the risks.

Risk Monitoring and Reporting

- Performs ongoing and periodic monitoring of the risks and ensures that appropriate internal control procedures are in place;
- Revises the risk management strategies and internal control procedures in case of any significant change of situation; and
- Reports the results of risk monitoring to the management and the Board regularly.

Risk and Internal Control Weakness Identified During the Reporting Period

During the reporting period, the Board identified a weakness in the Company's internal control system in relation to the identification and assessment of notifiable transactions under Chapter 14 of the Listing Rules. The weakness arose from inadequate review procedures for classifying transactions and determining whether the relevant approval and disclosure requirements had been triggered, which contributed to a non-compliance incident. The Company has since strengthened its transaction review and escalation procedures, increased the involvement of the Company Secretary and its financial advisors in pre-transaction vetting, and provided additional training to relevant Directors and management staff. Where there is uncertainty as to the applicability of the Listing Rules before entering into a transaction, the Company will seek advice from its legal advisers and, where appropriate, the Stock Exchange before proceeding. The Board considers that these measures have improved the Group's internal control framework for Listing Rule compliance.

Acquisitions and Disposals of Cryptocurrencies Incident

(1) Background

Between 2024 and 2025, the Company entered into a series of acquisitions (the "Acquisitions") and disposals (the "Disposals") of cryptocurrencies (for details, please refer to the section headed "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this report).

It has come to the attention of the Board that certain Acquisitions and Disposals, when aggregated pursuant to Rule 14.22 of the Listing Rules, would have constituted disclosable transactions, major transactions, very substantial acquisitions and very substantial disposals of the Company, in respect of which the Company had not fully complied with the applicable notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules at the relevant time.

At the time of entering into the relevant Acquisitions and Disposals, the Company considered that the cryptocurrencies involved were used as operational settlement instruments in the ordinary course of its business. Based on such understanding, the Company did not identify that the Acquisitions and Disposals would constitute notifiable transactions under Chapter 14 of the Listing Rules.

Subsequently, the Company became aware that cryptocurrencies may not be treated as fiat currency and may instead be regarded as assets or investments for the purposes of the Listing Rules. Accordingly, the relevant Acquisitions and Disposals should have been classified as notifiable transactions under Chapter 14 of the Listing Rules.

The Company acknowledges that it had not fully complied with the requirements under Chapter 14 of the Listing Rules in respect of the Acquisitions and Disposals. The Company deeply regrets such non-compliance, which was inadvertent. The Company has since taken, and will continue to implement remedial measures to strengthen its internal controls and ensure full compliance with the Listing Rules in future.

(2) Remedial Measures

To address the non-compliance and enhance the internal control framework of the Company, the Company has implemented and/or will implement the following measures:

1. Enhanced Internal Guidance

To issue internal guidance and provide targeted training to Directors, senior management and relevant personnel (including the finance department) on the application of the Listing Rules, including Chapter 14, covering (i) identification of transactions, (ii) calculation of percentage ratios, and (iii) classification of notifiable transactions;

2. Pre-transaction Assessment Procedures

To require the finance department to compute the applicable percentage ratios in accordance with Chapter 14 of the Listing Rules prior to entering into any transaction involving cryptocurrencies, and to subject such calculations to independent verification by the Company Secretary;

3. Board Approval Threshold

To require that any proposed transaction involving cryptocurrencies where any applicable percentage ratio meets or exceeds 5%, whether on a standalone or aggregated basis, be submitted to the Board for prior approval;

4. Professional Advice

To seek advice from external legal or financial advisers in respect of any proposed transaction where any percentage ratio reaches or exceeds 5%, to ensure proper classification and compliance before execution;

5. Regulatory Consultation

To consult with the Stock Exchange, either directly or through professional advisers, in case of any uncertainty regarding the interpretation or application of the Listing Rules;

6. Centralised Reporting and Oversight

To require that all proposed cryptocurrency-related transactions be reported to the Board of Directors in advance, and to ensure that such transactions are subject to appropriate review and approval procedures;

7. Enhanced Internal Control Framework

To establish a dedicated internal control framework governing cryptocurrency-related activities, including clear segregation of duties, enhanced oversight mechanisms and compliance monitoring;



CORPORATE GOVERNANCE REPORT

8. Ongoing and Regular Training

To strengthen ongoing training programmes for Directors and relevant personnel to reinforce their understanding of regulatory requirements and the importance of compliance with the Listing Rules; and

9. Engagement of Internal Control Consultant

To engage an independent internal control consultant to review, enhance and monitor the effectiveness of the Company's internal control systems in relation to notifiable transactions and regulatory compliance. The findings in the internal control review report will be published in announcement(s) after the review is completed.

The Company will also maintain close and ongoing communication with its professional advisers and will seek professional advice, where appropriate, prior to entering into any potential notifiable transactions.

Pursuant to Code Provision D.2.5 of the CG Code, the Group should have an internal audit function. The Company currently does not have a dedicated internal audit function. The Board has reviewed the need for such a function during the year, taking into account the size, nature and complexity of the Group's operations, and is of the view that the existing internal control and risk management framework is adequate at this stage.

The Board has assumed overall responsibility for the internal control and risk management systems of the Group and will conduct regular reviews of their effectiveness. The Board will continue to assess the need for establishing an internal audit function on an ongoing basis.

WHISTLEBLOWING POLICY

In compliance with code provision D.2.6 of the CG Code, the Board adopted a Whistleblowing Policy to enhance the awareness of internal corporate justice and regard this as a kind of internal control mechanism. This policy provides employees and the relevant third parties who deal with the Group (e.g. customers, suppliers, creditors and debtors) with guidance and reporting channels on reporting any suspected improprieties in any matters related to the Group directly addressed to the designated person.

All reported matters will be investigated independently and, in the meantime, all information received from a whistleblower and its identity will be kept confidential.

The Board and the Audit Committee will regularly review the Whistleblowing Policy and mechanism to improve its effectiveness.

ANTI-FRAUD AND ANTI-CORRUPTION POLICY

In compliance with the new code provision D.2.7 of the CG Code, the Board adopted an Anti-Fraud and Anti-Corruption Policy, which outlines guidelines and the minimum standards of conducts, all applicable laws and regulations in relation to the anti-corruption and anti-bribery, the responsibilities of employees to resist fraud, to help the Group defend against corrupt practices and to report any reasonably suspected case of fraud and corruption or any attempts thereof, to the management or through an appropriate reporting channel. The Group would not tolerate all forms of fraud and corruption among all employees and those acting in an agency or fiduciary capacity on behalf of the Group, and in its business dealing with third parties.

The Board and the Audit Committee will review the Anti-Fraud and Anti-Corruption Policy and mechanism periodically to ensure its effectiveness and enforce the commitment of the Group to the prevention, deterrence, detection and investigation of all forms of fraud and corruption.

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Company has established and implemented its disclosure policy and internal control procedure for the handling and dissemination of inside information, including limiting employees' access to inside information on a "need-to-know" basis and ensuring that those who need to know understand their obligations to maintain the confidentiality of any confidential information of the Company. All inside information is disclosed to the public pursuant to the requirements under the SFO and the Listing Rules and is kept strictly confidential before disclosure.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS AND SHAREHOLDERS' RIGHTS

The Company aims to, via its corporate governance structure, enable all its shareholders an equal opportunity to exercise their rights in an informed manner and allow all shareholders to engage actively with the Company. Under the Company's Articles of Association, the shareholder communication policy and other relevant internal procedures of the Company, shareholders of the Company enjoy, among others, the following rights:

(a) Rights and procedures for shareholders to convene extraordinary general meetings

The Directors may, whenever they think fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than 5% of the total voting rights of all the shareholder(s) having a right to vote at general meetings of the Company, forthwith proceed duly to convene an extraordinary general meeting of the Company.

The requests must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is/are intended to be moved at the meeting. The request must be signed by the requisitionists and deposited at the registered office of the Company for the attention of the Company Secretary in hard copy form.

(b) Rights and procedures for shareholders to make proposals at general meetings

- (i) Rights and procedures for a shareholder to propose a person for election as a director

Pursuant to Article 97 of the Company's Articles of Association, shareholder(s) may send a notice in writing of the intention to propose a person for election as a director and notice in writing by that person of his willingness to be elected shall have been delivered to the Company's registered office provided that the minimum length of the period during which such notices are given, shall be at least seven days and that the period for lodgement of the notices shall commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than seven days prior to the date of such meeting.

- (ii) Rights and procedures for proposing resolution to be put forward at a general meeting

Shareholder(s) can submit a written requisition to move a resolution at the annual general meeting. The number of shareholders shall represent not less than 2.5% of the total voting rights of all shareholders having, at the date of the requisition, a right to vote at the annual general meeting, or who are no less than 50 shareholders.

The written requisition must state the resolution, accompanied by a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at the annual general meeting. It must also be signed by all of the shareholders concerned and be deposited at the Company's registered office in Hong Kong at Unit 1002, 10/F., Euro Trade Centre, 13-14 Connaught Road Central and 21-23 Des Voeux Road Central, Hong Kong, for the attention of the Company Secretary.

The shareholders concerned must deposit a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned under applicable laws and rules.

(c) Shareholders' Enquiries

Shareholders may direct their questions about their shareholdings to the Company's share registrars: Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available.

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary whose contact details are as follows:

Elate Holdings Limited
Attn: Company Secretary
Unit 1002, 10/F., Euro Trade Centre
13-14 Connaught Road Central and 21-23 Des Voeux Road Central, Hong Kong
Email: info@elate.hk

Shareholders may also make enquiries with the Board at the general meetings of the Company.

SHAREHOLDERS' COMMUNICATION POLICY

The Company considers that effective communication with its shareholders and stakeholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies.

The Company is committed to enhancing long-term shareholder value through regular communication with its shareholders, and strives to ensure that all shareholders have ready, equal and timely access to all publicly available information of the Company that is accurate and informative. The Company's shareholders' communication policy sets out the framework in place to promote effective communication with shareholders so as to enable them to engage actively with the Company and exercise their rights as shareholders in an informed manner.



CORPORATE GOVERNANCE REPORT

The Company uses a range of communication tools to ensure its shareholders are kept well informed of key business imperatives. These include annual general meetings, annual reports, interim reports, various notices, announcements and circulars. All corporate communication documents, including annual report, interim report, notice of meeting, circular and proxy form, would be provided to shareholders in plain language and in both English and Chinese versions to facilitate shareholders' understanding. Shareholders have the right to choose the language (either English or Chinese) or means of receipt of the corporate communications (in hard copy or through electronic means).

The Company endeavors to maintain an ongoing dialogue with shareholders and in particular, through annual general meeting and extraordinary general meeting. In respect of each matter to be considered at the annual general meeting and the extraordinary general meeting, including the re-election of Directors, a separate resolution will be proposed by the managing director of the Board. The managing director of the Board and the chairmen of the Board Committees and, in their absence, other members of the respective committees, will be available at the annual general meeting and the extraordinary general meeting to meet with shareholders and answer their enquiries. The Company will also invite representatives of the auditor of the Company to attend the annual general meeting of the Company to answer shareholders' questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence.

The Company also communicates other information to shareholders on a need basis by way of announcement which will be posted on the websites of Hong Kong Exchanges and Clearing Limited and the Company. Other than annual general meeting, extraordinary general meeting shall be held pursuant to relevant rules and regulations if required. Shareholders shall receive explanatory circulars and proxy forms relating to the extraordinary general meetings. Proxy arrangements for general meetings are in place for shareholders who are unable to attend the meetings in person.

The Company welcomes the attendance of shareholders at general meetings to express their views. All the Directors are encouraged to attend general meetings to have personal communication with shareholders. The external auditor is required to be present to assist the Directors in addressing any relevant queries by shareholders.

The Board reviews the effectiveness of the above channels of communication between the Company and its shareholders on an annual basis. During the year ended 31 December 2025, the Company complied with the requirements of the Listing Rules and the Articles of Association, and the Board is satisfied with the implementation and effectiveness of the Company's activities in communicating with shareholders and investors during the reporting period.

On Behalf of the Board

Feng Zhong Yun
Managing Director

Hong Kong, 30 March 2026

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Elate Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) is pleased to present this Environmental, Social and Governance Report (the “ESG Report”), highlighting the ESG activities, performance, challenges, and measures taken by the Group. The information stated in this report covers the period from 1 January 2025 to 31 December 2025 (the “Reporting Period”) which aligns with the financial year as the 2025 annual report of the Group.

REPORTING PRINCIPLES

This ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) as set out in Appendix C2 of the Rules Governing the Listing of Securities (the “Listing Rules”) on Main Board of Stock Exchange. and in full compliance with the mandatory disclosure requirements and “Comply or explain” provisions stipulated in the ESG Reporting Guide.

During the preparation of this ESG report, the Company has applied the reporting principles stipulated in the ESG Reporting Guide as follows:

Materiality

The materiality was assessed based on the results obtained from stakeholder engagement. The threshold for sustainability topics to become material was reviewed and confirmed by our management to ensure that they were sufficiently. The details on materiality analysis of ESG issues are summarized under sections “Stakeholder Engagement” and “Materiality Assessment”.

Quantitative

We have kept track of our performance and target by using key performance indicators (“KPIs”) throughout the reporting period. Where applicable, we compared our data and discuss on their implication. This principle applies to all information in the report.

Balance

All information disclosed in the Report shall be unbiased. There will not be any misleading presentation format, selections and omission that may inappropriately influence the decision of a stakeholder.

Consistency

The report adopts consistent methodologies on assumptions and calculation methods to allow a fair comparison of our performance over time. Where applicable, we disclosed the changes to the method and KPIs used.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING SCOPE

The content of this Report covers our operating subsidiaries in Hong Kong and the UK, which are controlled by the Group and the major sources of the Group's revenues during the Reporting Period.

The information contained in this report were collected through various means, including but not limited to reviewing our internal control policies and ESG-related processes, conducting interviews with stakeholders and referencing industry research papers and articles.

BOARD STATEMENT ON ESG GOVERNANCE

The Board steers and oversees the Group's overall sustainability strategy and sustainability risk management. The Board understands its roles and accountability in:

- Overseeing the assessment of the Group's environmental and social impacts;
- Understanding the potential impact and related risks of ESG issues of the Group's operating model;
- Enforcing a materiality assessment and reporting process to ensure actions are implemented and monitored;
- Promoting a culture from a top-down approach to ensure that ESG considerations are incorporated in the Group's decision making and operation processes.

To ensure effectiveness of its sustainability governance, the Board meets annually to review its ESG management approach and strategy, process of evaluating, prioritising and managing material ESG-related issues, and the progress made against ESG-related goals and targets. In particular, the progress made against the Group's environmental targets and the evaluation results are shown in the corresponding sections of this Report.

This ESG Report has been approved by the Board.

STAKEHOLDERS ENGAGEMENT

The Group values its stakeholders and their feedback regarding its businesses and ESG aspects. To proactively understand and address their key concerns, the Group has maintained close communication with its key stakeholders, including but not limited to shareholders and investors, customers, suppliers, employees, government and regulatory authorities, industry chamber of commerce and communities. We welcome stakeholders to provide their opinions and suggestions. If you have any opinions or suggestions, please do not hesitate to contact us by mail to Unit 1002, 10/F., Euro Trade Centre, 13-14 Connaught Road Central and 21-23 Des Voeux Road Central, Hong Kong.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



In formulating operational and ESG strategies, the Group considers stakeholders' expectations by utilizing diversified engagement methods and communication channels as shown below.

Major stakeholders	Demands and expectations	Communication channels
Shareholders and investors	<ul style="list-style-type: none"> • Public information disclosure and transparency • Sustainable return on investment • Strong corporate governance • Protection of the voting rights of shareholders and investors • Appointment of directors 	<ul style="list-style-type: none"> • Corporate announcements and circulars • Financial reports • Shareholder meetings
Customers	<ul style="list-style-type: none"> • Improvement of service and product Quality • Customer satisfaction • Privacy protection 	<ul style="list-style-type: none"> • Business communication • Customer feedback
Suppliers	<ul style="list-style-type: none"> • Selection of suppliers • Sustainable supply chain • Long-term cooperation 	<ul style="list-style-type: none"> • Periodic review and examination • Procurement meetings • Site visit, phone calls, conferences and emails
Employees	<ul style="list-style-type: none"> • Employee remuneration and benefits • Health and safety of working environment • Career development 	<ul style="list-style-type: none"> • Performance review • Seminars and conferences • Meetings and briefings
Government and regulatory authorities	<ul style="list-style-type: none"> • Compliance with laws and regulations • Strong corporate governance 	<ul style="list-style-type: none"> • Policy consultation • Legal advisor
Media	<ul style="list-style-type: none"> • Transparent information • Corporate sustainability 	<ul style="list-style-type: none"> • Company's website • News monitoring
Industry chamber of commerce and communities	<ul style="list-style-type: none"> • Community involvement • Business compliance • Environmental protection awareness 	<ul style="list-style-type: none"> • Community participation • ESG reports

Through working together with the stakeholders, the Group strives to further improve its ESG initiatives to create greater value for the community on a continuous basis.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT

The management and staff of the Group's respective major operations have participated in the preparation of this ESG Report to assist the Group in reviewing its operations, identifying relevant ESG issues, and assessing the importance of related matters to the Group's businesses and stakeholders. In order to identify the issues in this ESG Report that are significant to the Group's sustainable development and stakeholders, the Group has invited key stakeholders to participate as respondents in the materiality assessment questionnaire to priorities the identified ESG issues in terms of their importance to the Group's sustainable development and their importance to stakeholders and to express their views on the Group's sustainable development. The Group has reviewed the feedback from stakeholders and the results of the questionnaire and identified the key ESG issues. The results of the materiality assessment questionnaire are summarized as follows.

The ESG Reporting Guide

Material ESG Issues

Environmental

A1. Emissions

Emissions Control
Waste Management

A2. Use of Resources

Energy Management
Water Management

A3. The Environment and Natural Resources

Noise Pollution

A4. Climate Change

Change Management

Social

B1. Employment and Labour Practices

Employment Practice

B2. Health and Safety

Health and Safety

B3. Development and Trainings

Development and Training

B4. Labor Standards

Labor Standards

B5. Supply Chain Management

Supply Chain Management

B6. Product Responsibility

Protection of Intellectual Property Rights
Customer Privacy Protection
Product Quality and Safety
Customer Services

B7. Anti-corruption, Bribery, Extortion, Fraud and Money Laundering

Anti-corruption

B8. Community Investment

Corporate Social Responsibility

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



During the Reporting Period, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the disclosed contents comply with the requirements of the ESG Reporting Guide.

A. ENVIRONMENTAL

The Group adopts the best market practice on environmental management according to various international standards and provides frequent training to employees based on the latest regulatory standards. During the Reporting Period, the Group was not aware of any non-compliance cases related to environmental laws and regulations in Hong Kong and the U.K.

A.1. Emissions

The Group has enhanced its management of emissions through technological and recycling solutions that seek to reduce the emission of relevant pollutants and greenhouse gases, waste and water management. When conducting its businesses, the Group makes every effort to minimise its impact to the environment and make sure that all related emissions standards are met. Regular assessments are conducted on the Group's air and greenhouse gas emissions as well as the generation and disposal of hazardous and non-hazardous waste.

Our wholly-owned subsidiary Axiom Manufacturing Services Limited is accredited to ISO140001, and sets year on year targets to the reduction in the use of natural resources.

- Air conditioning is controlled.
- Solar power has been installed to reduce carbon reliance.
- All waste paper, cardboard, and soft plastics are recycled.
- Energy saving light bulbs is used in the factory, car parks and for road lighting.
- Monitor water usage; however, water is not used in the production process.
- No smoking is permitted within the building.
- Recycling of plastic bottles, aluminium cans, cardboard bales, batteries take place.
- Electronic equipment is disposed of by specialist recycling companies.
- The company complies with the Control of Pollution Act and Environmental Protection Act in the UK.
- The company will also identify opportunities where new technology can be introduced to reduce energy consumption.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A1.1 Type of Emissions

A1.2 Greenhouse Gas Emissions:

Energy Type	Consumption	CO ₂ Emissions	CO ₂ Emissions/Person
Electricity	1,582,732 kWh	327.74 tonnes CO ₂ equivalent	1.031 tonnes CO ₂ equivalent
Gas	82,405 kWh	18.57 tonnes CO ₂ equivalent	0.058 tonnes CO ₂ equivalent
Diesel	10,448 litres	26.54 tonnes CO ₂ equivalent	0.083 tonnes CO ₂ equivalent
Petro	1033 litres	2.39 tonnes CO ₂ equivalent	0.008 tonnes CO ₂ equivalent
Total		375.24 tonnes CO ₂ equivalent	1.18 tonnes CO ₂ equivalent

A1.3 Hazardous Waste Produced

A1.4 Non-Hazardous Waste Produced

A1.5 Measures to Mitigate Emissions:

Type	Quantity	Quantity/Person	Reduction Measure
Hazardous	11.41 tonnes	0.036 tonne	Move to using unleaded solder paste in the manufacturing process
Non-Hazardous	40 tonnes	0.126 tonne	This is all the material that cannot currently be recycled. Move to recycling more and more waste
Cardboard	24 tonnes	0.075 tonne	Encourage customers to use returnable packaging
Soft Plastics	0.5 tonnes	0.002 tonne	Request supplier to use reusable packaging and move away from shrink wrapping and bubble wrapping raw material
Wood/Pallets	5 tonnes	0.016 tonne	Rebate scheme in place for the return of good pallets

The effectiveness of the reduction in waste materials is measured and reviewed annually as part of the companies accreditation to ISO14001.

A1.6 How are hazardous and non-hazardous waste handled

All different types of waste are segregated, and kept in secure areas until collected by the specialist waste disposal companies.



A.2. Use of Resources

The Group advocates the use of high-efficiency equipment, and strive to streamline the operational procedures, thereby reduce the consumption of fuel, electricity and water and improve the resource efficiency in its operations. The Group also applies energy saving measures in its workplaces including installation of an energy-saving lighting system, setting optimal temperature on the air-conditioning, and switching off the lighting and air-conditioning after office hours. The Group encourages its employees to switch off their computers and other office equipment when not utilized, and reduce the use of papers by assessing the necessity of printing and where appropriate to use duplex printing and reuse any single-side printed papers. The Group is committed to continue to reduce its paper, electric consumption and reduction of waste.

- No toxic or harmful materials are produced
- No water is used in the production process therefore nothing is discharged into the waste water system
- No harmful gases are produced by production or emitted from the factory
- Fume hoods are used when employees work with adhesives
- Documents are sent electronically wherever possible

A2.1 Direct & Indirect energy consumption

Type	Consumption	Consumption/Person
Electricity	1,582,732 kWh	4,977.15 kWh
Gas	82,405 kWh	259.14 kWh
Water	3,917 m ³	12.32 m ³

A2.2 Water consumption:

- Water is not used in the manufacturing process, and only used by employees in the washroom areas and in the canteen

A2.3 Energy use efficiency initiatives:

- LED lighting – with motion detection sensors
- Temperature control systems have been updated to reduce energy consumption
- Solar panels have been installed to reduce purchased electricity.

A2.4 Sourcing of water, and efficiency initiatives

- Water is source from the local regulatory authority

A2.5 Total packaging material used for finished products

- Only cardboard that can be recycled is used with finished products
- Some customers use returnable packaging, and the company is encouraging other customers to adopt this approach.

A.3. The Environment and Natural Resources

The Group encourages its employees to identify and adopt advanced technologies, if any, that are suitable for each stage of the production process so as to minimize the impact of the business on the environment. By regular environmental monitoring, the Group ensures that it strictly complies with relevant environmental laws and regulations in its daily operations and closely monitors and timely identifies, controls and manages important environmental matters.

The Group is committed to ensuring that its employees have clear understanding in the relevant policies and the specific requirements of the Company and to encouraging its business partners to align with the Group's policies to operate in a sustainable manner and achieve continuous improvement.

- All production equipment is CE marked to comply with European Union regulations
- Environmental guidelines are issued to all contractors
- The Company also takes into consideration local guidelines from Natural Resources Wales.

A3.1 Significant impacts of the environment

- Axiom has accreditation to ISO14001
- Axiom supports local Bee keeping allowing Beehives to be kept in the garden and wooded area of the site
- All employees undertake environmental awareness at induction
- Axiom has installed bird boxes on trees surrounding the building

A4. Climate Change

Nowadays, climate change has become a pressing issue around the globe. The Group is increasingly recognizing the importance of identifying and assessing the significant risks associated with climate change and is committed to managing potential climate change risks that may affect the Group's business activities. The Group recognizes that climate change is already affecting all aspects of our communities, stakeholders and business operations. While climate change creates new risks, it also creates new opportunities. During the Reporting Period, the Group has been closely identifying and monitoring potential physical risks and transition risks as follows:

Physical Risks

The increased frequency and severity of extreme weather events, such as typhoons, storms, heavy rains and extreme cold or heat, bring acute and chronic physical risks to the Group's business. The Group's productivity will be affected under extreme weather events as the safety of our employees may be threatened during commuting. The power grid or communication infrastructures might be damaged, which exposes the Group to risks associated with non-performance and delayed performance, leading to direct negative impacts on the Group's revenue. To minimize the potential risks and hazards, the Group has established mitigation plans, including flexible working arrangements and precautionary measures during bad or extreme weather conditions. The Group will review the existing emergency plan to further lower the vulnerability of our installations to extreme weather events in order to enhance business stability.

Transition Risks

To achieve the global vision on carbon neutrality, the Group expects the evolution of the regulatory, technological and market landscape caused by climate change, including the tightening of national policies and listing rules and the emergence of environmentally related taxes. Stricter environmental laws and regulations may expose enterprises to higher risks of claims and lawsuits, which might incur additional compliance costs and affect the revenue or reputation of the Group.

In response to the policy and legal risks as well as the reputation risks, the Group constantly monitors the changes in laws or regulations and global trends on climate change to avoid cost increments, non-compliance fines or reputational risks due to delayed response. In addition, the Group has been taking comprehensive environmental protection measures, including greenhouse gas reduction measures and target setting, to gradually reduce the Group's energy consumption and GHG emissions in the future.

A4.1 Significant impacts of climate-related issues

The climate change related risks also have impact on our business operations. The increased frequency and severity of extreme weather events, such as typhoons, storms, and heavy rains, bring acute and chronic physical risks to our businesses, as the safety of our employees may be threatened during commuting. The power grid or communication infrastructures might be damaged, which exposes us to risks associated with non-performance and delayed performance, leading to direct negative impacts on our revenues. The extreme weather event also has the potential to disrupt our supply chains making getting the resources and materials businesses need more challenging. To minimize these potential risks, we adopt flexible working arrangements and precautionary measures during bad or extreme weather conditions.

During the reporting period, the Group has not been seriously affected by the extreme weather conditions as the Group adopted various emergency plans to prevent the disruption of the operation such as working arrangement in black rainstorm warning and/or typhoon signal 8 situation.

Even though the Group expected that potential extreme weather condition, sustained high temperature do not have a material impact on the Group's operations, the Group will continue to monitor the climate-related risks and implement relevant measures to minimize the potential impact of climate change.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B. SOCIAL

B.1. Employment and Labour Practices

The Group expects that all employees and contractors treat each other with respect. In the Group's policy, it has covered the issues in relation to compensation and dismissal, recruitment and promotion, working hours, rest period, equal opportunity, diversity, anti-discrimination and other benefits and welfare. In Hong Kong, the Group strictly complies with the Employment Ordinance (Cap. 57), the Employee's Compensation Ordinance (Cap. 282), the Mandatory Provident Fund Schemes Ordinance (Cap. 485) and the Minimum Wage Ordinance (Cap. 608), and in the UK, the Group also complies with the following employment laws:

- Employment Rights Act
- National Minimum Wage Act
- Maternity and Parental Leave Act
- The Equality Act
- Part-Time Workers Regulations
- Transfer of Undertakings Regulations

The Group specifically prohibits discrimination on the basis of age, color, disability, ethnicity, marital or family status, national origin, race, religion, gender, sexual orientation, or any other characteristic protected by law. These principles extend to all employment decisions, including but not limited to recruiting, training, promotion etc.

All employees are committed to maintain a professional and harassment-free working environment – a place where employees act with respect for one another and those with whom we do business. Behaviors such as unwelcome conduct and sexual harassment are strictly prohibited.

As of 31 December 2025, the Group had 340 employees (2024: 328). Total workforce by gender, employment type (for example, full time or part time), and age group are as follows:

Gender	No. of Employees	% of Workforce	Turnover
Male	167	49.1%	5.0%
Female	173	50.9%	2.9%
Total	340	100%	7.9%

Employment Type	No. of Employees	% of Workforce	Turnover
Full Time	279	92.1%	7.1%
Part Time	61	17.9%	0.9%
Total	340	100%	8.0%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Age Group	No. of Employees	% of Workforce	Turnover
17-20	13	3.8%	0.6%
21-30	54	15.9%	1.5%
31-40	50	14.8%	1.2%
41-50	48	14.1%	0.9%
51-60	113	33.2%	0.9%
61+	62	18.2%	1.3%
Total	340	100%	6.4%

B.2. Health and Safety

The Group has adopted a set of policies which is focused on maintaining a healthy and safe working environment, and which includes the following requirements:

- The facilities operated by employees should meet safety and health standards;
- Expert advice should be obtained to identify health and safety risk in the operations and the corresponding mitigating actions that should be taken; and
- Relevant information and training should be provided to employees in respect of risks to their health and safety which may arise out of their work.

The Group continues to monitor occupational health and safety, as well as procedures for dealing with related risks. The Company engages employees in the determination of appropriate occupational health and safety precautionary measures. Accident reporting and investigation procedures have also been adopted for the follow-up of any health and safety incidents.

Regular inspections and management review of health and safety have been performed to ensure the effectiveness of the policies and measures.

The following occupational health & safety measures were adopted by Axiom Manufacturing Services Limited:

- Risk assessments are conducted on all equipment purchased by the company
- COSHH data available to all employees
- Fire Alarm testing every week and evacuations twice a year
- Accident and incident report every month
- First aiders trained on site
- The company provides an Occupation Health for all employees
- Visual acuity testing is conducted annually on all manufacturing employees
- Health and Safety awareness is provided to all employees on induction
- Annual Private Medical cover is provided for all employees
- Employee consultation group every month, where improvement suggestions are collated
- Health & Safety group meet monthly to identify improvements

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For the year ended 31 December 2025, the Group had no safety accidents, and no casualties relating to occupational diseases and work-related injuries.

B.3. Development and Trainings

The Group strives to promote the long-term development of its employees by providing learning opportunities that broaden their skills and make them valuable assets to the Group.

To encourage employee development, the Group provides human resource trainings to help equip employees with the knowledge and relevant skills to help them develop managerial knowledge and other professional skills that help advance their careers. New employees are provided with on-board trainings to help them familiarize themselves with the culture, business and operations of the Group. In addition, for technical posts, every newly-hired employee will be provided with pre-job technical training to enhance the professional skills necessary for the job.

Employee training requirements are identified every year through the employee annual appraisal process, and when new technology or processes are introduced within the company.

The Group then provides the employee with the necessary time to undertake the training, and the company will also secure external training organizations to provide specific training.

For the year ended 31 December 2025, the average hours completed by gender & employee category is as below:

Training Category	No. of Employees	% of Workforce	No. of Hours
Male direct	37	10.9%	410
Male indirect	121	35.5%	1,561
Female direct	76	22.3%	830
Female indirect	81	23.8%	1,189
Total	315	92.5%	3,990

B.4. Labour Standards

The Group strictly prohibits the use of child and forced labour, and the Company is totally committed to creating a work environment which respects human rights.

The Group also complies with the relevant local labour regulations relating to working hours, minimum wage, rest and holidays to ensure the physical and mental health of all employees. Employees are not be forced to work beyond working hours and are entitled to overtime pay in accordance with local regulations.

There are certain measures to review employment practices to avoid child and forced labour:

- Anti-Slavery and Human Trafficking Policy
- Employees must have a National Insurance Number which is issued by the UK Government when the age of 16 is reached
- Comply with European Union Working Time Directive
- Comply with UK legislation in relation to the "Living Wage" and "Minimum Wage"
- Two Employee references are required prior to the commencement of employment
- A base line information check is performed on all employees upon employment, which covers age and nationality

B.5. Supply Chain Management

The Group manages its supply chain effectively and participates in regular weekly and monthly meetings with our major suppliers of electronic components. The Group will also conduct supplier quality audits (sometimes in conjunction with our customers) on other suppliers to assess their capability, and ensure they meet quality and safety requirements. The Group aims to have all its suppliers accredited to ISO9001 or an equivalent quality management system standard.

The Group sub-contracted functions related to supply chain management to the service provider, hence management is not directly involved in the daily operational aspects. Although this is out-sourced, the Group will continue to assess service providers to ensure the quality meets the Group's standards and expectations.

B5.1 Number of suppliers by Geographical region in 2025

UK – 404
Europe other than the UK – 16
Rest of the World – 56

B5.2 Practices relating to engaging suppliers

- All new suppliers of materials must be approved by the Quality Assurance and Finance Departments prior to trading.
- New supplier questionnaires are completed by all new raw material component suppliers.

Green Procurement

The Group pays attention to the environmental awareness of its suppliers and promotes sound environmental performance and governance practices amongst its business partners and suppliers. The Group encourages its business partners and suppliers to consider the risks posed to their operations from climate change and to actively mitigate their environmental impacts during supplier conferences. Besides, close monitoring of the suppliers' business practices through onsite inspections is performed. Any observations of non-compliance during the site visit will be reported immediately to the management. A corrective action plan will be carried out to remediate the identified risks in a timely manner. In view of green supply chain management, the Group prefers local suppliers whenever possible to reduce carbon emissions from transportation and to support the local economy.

B.6. Product Responsibility

The Group manufactures product to its customers design and specification. Therefore, the Group ensures that all quality, safety and testing specifications that are agreed with the customer are met prior to the dispatch of the product. The Group's quality management system is accredited to ISO 9001:2015, AS9100, ISO13485.

B6.1 Products sold or shipped subject to recalls for H&S reasons

There have been no recalls due to health and safety reasons.

B6.2 Product & Service-related complaints

Product returns and complaints are managed by the Quality Assurance department under their return procedure.

B6.3 Protecting IP

The Group does not buy Grey Market or counterfeit materials, and has a Counterfeit Part Avoidance Policy.

The Group do not use unauthorized designs or photographs.

All customer IP is protected using a secure network connection specifically to allow the exchange of information between the customer and the company.

B6.4 QA process and recall procedures

Process Type	Quality Assurance Process
Stage 1	All raw materials follow the Incoming Materials Inspection Process, which includes first article inspection.
Stage 2	All products are manufactured to IPC standards
Stage 3	All finished products must pass Customer specified final test
Stage 4	Non-conforming product is segregated and then returned to the production department for investigation and correction
Stage 5	All conforming product is despatched to the customer with a Certificate of Conformity that is signed by the Quality Assurance Department

Process Type	Product Return Process
Stage 1	Customer requests to return product to the company
Stage 2	The Quality department analyses the returned product and accepts or rejects the customer request
Stage 3	If the return is accepted, then the Company will replace or repair the defective product
Stage 4	Product returned to Customer

B6.5 Consumer data protection and privacy policies

We comply with the UK Data Protection Act.

We comply with European Union GDPR legislation.

We only conduct business with other companies, so no end individual consumer data is kept.

For the year ended 31 December 2025, the Group had not received any complaints from the regulatory body or consumers regarding product safety, intellectual property rights, and data privacy, nor had it recalled any product due to product safety or health issues.

B.7. Anti-Corruption, Bribery, Extortion, Fraud and Money Laundering

The Group promotes integrity and prevents unethical pursuits throughout its operations and tolerates no corruption or bribery in any form. In compliance with the new code provision D.2.7 of the CG Code, the Board adopted an Anti-Fraud and Anti-Corruption Policy, which outlines guidelines and the minimum standards of conducts, all applicable laws and regulations in relation to the anti-corruption and anti-bribery, the responsibilities of employees to resist fraud, to help the Group defend against corrupt practices and to report any reasonably suspected case of fraud and corruption or any attempts thereof, to the management or through an appropriate reporting channel. The Group would not tolerate all forms of fraud and corruption among all employees and those acting in an agency or fiduciary capacity on behalf of the Group, and in its business dealing with third parties.

The Board will review the Anti-Fraud and Anti-Corruption Policy and mechanism periodically to ensure its effectiveness and enforce the commitment of the Group to the prevention, deterrence, detection and investigation of all forms of fraud and corruption.

Anti-corruption Training

As part of an ongoing process of Directors' training, the Directors are updated with the latest developments regarding the Listing Rules and other applicable regulatory requirements from time to time to ensure compliance by all Directors. All Directors are encouraged to attend external forums or training courses on relevant topics which may count towards continuous professional development training. During the year, despite that there was limited training provided to the employees due to the COVID-19 pandemic, all Directors participated in appropriate continuous professional development activities by attending training courses on topics related to corporate governance and regulations or by reading materials relevant to the Company's business or their duties and responsibilities. The Group will provide training to our directors and employees on anti-corruption practices in the ensuing fiscal years.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the year, the Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering. The relevant laws and regulations include, but are not limited to the Prevention of Bribery Ordinance (Cap. 201, Laws of Hong Kong). At our UK subsidiary Axiom:

- The company adheres to the Bribery Act 2010 in the UK.
- The company has an Anti-Bribery Policy.
- Follow the UK Money Laundering Regulations 2017.
- Independent financial audit – conducted by independent auditors.
- Employees must declare any conflict of interest to the Finance or HR department.

During the Year, there were no legal cases regarding corrupt practices brought against the Group or its employees.

B7.1 Number of legal cases

None.

B7.2 Preventative measure & whistle-blowing procedures

The Group has a whistleblowing policy. The Group believe in an open-door policy with regard to problem-solving; whenever staff has a good-faith problem or complaint, the Group expects staff to speak up and communicate with their manager, senior management or director. The Group encourages staff to take the above action immediately after any event causes his/her concern. Furthermore, the Group also encourages staff to contribute their suggestions or opinions to improve the quality of work at the Group.

B.8. Community Investment

For the continuous effort in giving back to the society, the Group would seek for opportunities to get involved in various community programs. The Group's approach to community involvement is set out in its policy as follows:

- fulfils the corporate social responsibility (CSR) through the sustainable development strategy to expand its efforts in the areas of charity work;
- assesses how to give business activities to the interests of community; and
- commits to the provision of career opportunities to the locals and promotes the development of the community's economy.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



B8.1 Areas of contribution (Education, Environmental and Sport)

During the Reporting Period, the Group has contributed to the following education, environmental and sport activities:

- Due to the continuing situation with Covid-19, community investment has been impacted during the year.
- Support local Primary Education Schools – with day visits to the manufacturing facility to encourage children to study Engineering.
- Supporting a local school with its environmental activities.
- Linked with local colleges – via our Apprenticeship Scheme, with new apprentices employed every year.
- Support Local Universities – through Graduate intern placements.
- Sponsorship of local Sports teams (Football and Rugby).

The Group also encourages and supports its employees to contribute to charities locally and nationally through donations or volunteering. In addition, the Group also created job opportunities in the areas where it operates to help local people develop their careers and enhance the local workforce as a whole. The Group conducts assessment from time to time on how its business activities relate to the interests of the communities where it locates, and to see if certain measures need to be taken to accelerate social progress by pushing forward education, sports, charity and other undertakings, as part of the to be responsible citizens.

B8.2 Time contributed

10 days.

On Behalf of the Board

Feng Zhong Yun
Managing Director

Hong Kong, 30 March 2026

INDEPENDENT AUDITOR'S REPORT



TO THE MEMBERS OF ELATE HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Elate Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 76 to 157, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with HKICPA's Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Fair value measurement of cryptocurrencies

(refer to notes 4(t), 5(vi) and 21 to the consolidated financial statements)

As at 31 December 2025, the Group held the cryptocurrencies (which was included in inventories) with carrying amount of approximately US\$334,489,000 and accounted for these cryptocurrencies as inventories measured at fair value less costs to sell.

Since certain cryptocurrencies held by the Group were non-mainstream cryptocurrencies recognised in the public market, in determining the fair value less costs to sell of the Group's cryptocurrencies as at 31 December 2025, the management of the Group exercised significant judgements and estimates on (i) the determination of the relevant available markets as principal market for reference of each of the cryptocurrencies; and (ii) the marketability and liquidity of the relevant cryptocurrencies held by the Group.

We consider the fair value measurement of cryptocurrencies as a key audit matter because the carrying amount of the cryptocurrencies are significant to the consolidated financial statement as a whole and there are involvement of significant judgements and estimates made by the management of the Group in determining their fair values.

How our audit addressed the key audit matter

Our procedures in relation to the fair value measurement of cryptocurrencies included:

- Evaluating and challenging the appropriateness of the principal market adopted by the management of the Group in determining the fair value of the cryptocurrencies with reference to the latest available market information and conditions;
- Assessing the reasonableness of underlying assumptions and data used by the management of the Group with reference to our industry knowledge of the industry and latest available market information;
- Performing recalculation for the accuracy of the fair value calculation of the cryptocurrencies; and
- Assessing the disclosures made in the consolidated financial statements in relation to the fair value measurement of the cryptocurrencies.



INDEPENDENT AUDITOR'S REPORT

Impairment assessment on trade receivables

(refer to notes 4(i), 5(iv) and 22 to the consolidated financial statements)

As at 31 December 2025, the Group had a carrying amount of trade receivables of approximately US\$47,570,000, net of loss allowance of expected credit losses of approximately US\$2,303,000.

The management of the Group performed an impairment assessment on the trade receivables under the expected credit losses ("ECLs") models which required the exercise of significant judgement and estimates in considering factors such as the credit history of customers including default or delay in payments, ageing analysis, settlement records during the year and forward-looking information.

We consider the impairment assessment on trade receivables as a key audit matter because the carrying amount of the trade receivables are significant to the consolidated financial statement as a whole and there are involvement of significant judgements and estimates made by the management of the Group in determining their loss allowance.

How our audit addressed the key audit matter

Our procedures in relation to the impairment assessment on trade receivables included:

- Evaluating the design and implementation of key internal controls over the calculation of the loss allowance on trade receivables;
- Assessing the reasonableness of the Group's ECLs models by examining the underlying assumptions and data used by the management of the Group in calculating the loss allowance, including testing the accuracy of the ageing analysis and historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information;
- Inspecting settlements after the financial year end relating to the trade receivables as at 31 December 2025; and
- Assessing the disclosures made in the consolidated financial statements in relation to the Group's credit risk exposure.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those statements on 28 March 2025.

INDEPENDENT AUDITOR'S REPORT



OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors of the Company in discharging their responsibilities in this regard.



INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 405 of the Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.
- conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT



We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

McMillian Woods (Hong Kong) CPA Limited

Certified Public Accountants

Wong Ka Bo, Jimmy

Practising Certificate Number: P07560

24/F, Siu On Centre

188 Lockhart Road

Wan Chai, Hong Kong

30 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	<i>Notes</i>	2025 US\$'000	2024 US\$'000
Revenue	7	132,500	431,082
Cost of sales		(111,807)	(415,506)
Gross profit		20,693	15,576
Other income	7	306	3,961
General and administrative expenses		(13,527)	(14,559)
Reversal of impairment loss/(impairment loss) on trade receivables	22	303	(2,277)
Fair value gains/(losses) on			
– commodity	24	1,057	342
– financial assets at fair value through profit or loss	25	(42,606)	39,240
– cryptocurrencies		21,996	–
(Loss)/profit from operating activities	8	(11,778)	42,283
Finance cost	9	(12)	(19)
(Loss)/profit before income tax		(11,790)	42,264
Income tax expenses	12	(2,832)	(1,962)
(Loss)/profit for the year attributable to owners of the Company		(14,622)	40,302
		US cents	US cents
(Loss)/earnings per share	13		
Basic		(3.54)	11.10
Diluted		(3.54)	11.10

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>Note</i>	2025 US\$'000	2024 US\$'000
(Loss)/profit for the year		(14,622)	40,302
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		3,631	198
Items that will not be reclassified to profit or loss:			
Gain on revaluation of land and buildings	<i>14</i>	–	91
Revaluation gain arising from the transfer of intangible assets to inventories		3,059	–
Other comprehensive income for the year		6,690	289
Total comprehensive (expense)/income for the year attributable to owners of the Company		(7,932)	40,591

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	2025 US\$'000	2024 US\$'000
Non-current assets			
Property, plant and equipment	<i>14</i>	13,548	12,952
Investment properties	<i>15</i>	1,655	1,693
Right-of-use assets	<i>16(a)</i>	74	441
Intangible assets	<i>17</i>	–	7,313
Interests in joint ventures	<i>19</i>	3	1
Financial assets at fair value through profit or loss	<i>25</i>	700	43,431
Total non-current assets		15,980	65,831
Current assets			
Inventories	<i>21</i>	376,392	22,279
Trade receivables	<i>22</i>	47,570	347,348
Other receivables, deposits and prepayments	<i>23</i>	10,128	2,163
Commodity	<i>24</i>	2,684	1,626
Financial assets at fair value through profit or loss	<i>25</i>	369	244
Cash and bank balances		12,999	12,637
Total current assets		450,142	386,297
Current liabilities			
Trade payables	<i>26</i>	10,582	11,410
Other payables and accruals	<i>27</i>	26,068	6,624
Contract liabilities	<i>28</i>	35	129
Lease liabilities	<i>16(b)</i>	77	234
Income tax payable		3,406	2,745
Total current liabilities		40,168	21,142
Net current assets		409,974	365,155
Total assets less current liabilities		425,954	430,986

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	2025 US\$'000	2024 US\$'000
Non-current liabilities			
Lease liabilities	<i>16(b)</i>	–	77
Deferred tax liabilities	<i>20</i>	493	499
Total non-current liabilities		493	576
NET ASSETS		425,461	430,410
Capital and reserves attributable to owners of the Company			
Share capital	<i>30</i>	611,488	608,505
Reserves		(186,027)	(178,095)
TOTAL EQUITY		425,461	430,410

Approved and authorised for issue by the Board of Directors on 30 March 2026 and are signed on its behalf by:

Feng Zhong Yun
Director

Yan Shao Shi
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Share capital US\$'000	Translation reserve US\$'000 <i>(note (i))</i>	Property revaluation reserve US\$'000 <i>(note (ii))</i>	Intangible assets revaluation reserve US\$'000 <i>(note (iii))</i>	Accumulated losses US\$'000	Total US\$'000
At 1 January 2025	608,505	(645)	7,270	–	(184,720)	430,410
Loss for the year	–	–	–	–	(14,622)	(14,622)
Other comprehensive income for the year	–	3,631	–	3,059	–	6,690
Total comprehensive income/(expense) for the year	–	3,631	–	3,059	(14,622)	(7,932)
Issue of shares upon conversion of convertible debentures <i>(Note 29)</i>	2,983	–	–	–	–	2,983
At 31 December 2025	611,488	2,986	7,270	3,059	(199,342)	425,461

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Share capital US\$'000	Translation reserve US\$'000 <i>(note (i))</i>	Property revaluation reserve US\$'000 <i>(note (ii))</i>	Intangible assets revaluation reserve US\$'000 <i>(note (iii))</i>	Accumulated losses US\$'000	Total US\$'000
At 1 January 2024	608,344	(843)	7,179	–	(225,022)	389,658
Profit for the year	–	–	–	–	40,302	40,302
Other comprehensive income for the year	–	198	91	–	–	289
Total comprehensive income for the year	–	198	91	–	40,302	40,591
Issue of shares upon conversion of convertible debentures <i>(Note 29)</i>	161	–	–	–	–	161
At 31 December 2024	608,505	(645)	7,270	–	(184,720)	430,410

Notes:

- (i) The amount represents gains/losses arising on retranslating the net assets of foreign operations into presentation currency of the Group.
- (ii) Property revaluation reserve represents gains/losses arising on the revaluation of land and buildings held for own use.
- (iii) Intangible assets revaluation reserve is arisen from the transfer of cryptocurrencies from intangible assets to inventories and will be transferred to accumulated losses when the relevant cryptocurrencies are disposed of.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	<i>Notes</i>	2025 US\$'000	2024 US\$'000
Net cash generated from operating activities	<i>32(a)</i>	6,469	14,185
Cash flows from investing activities			
Purchases of items of property, plant and equipment		(843)	(386)
Purchase of intangible assets		(9,351)	(7,342)
Proceeds from disposal of intangible assets		578	29
Proceeds from disposal of property, plant and equipment		–	50
Proceeds from disposal of financial assets at fair value through profit or loss		–	7
Bank interest received		4	70
Advance to a joint venture		(2)	–
Net cash used in investing activities		(9,614)	(7,572)
Cash flows from financing activities			
Net proceeds from issue of convertible debentures	<i>30</i>	2,983	161
Payment of interest on lease liabilities	<i>32(b)</i>	(12)	(19)
Payment of principal portion of lease liabilities	<i>32(b)</i>	(234)	(260)
Net cash from/(used in) financing activities		2,737	(118)
Net (decrease)/increase in cash and cash equivalents		(408)	6,495
Cash and cash equivalents at the beginning of the year		12,637	6,056
Effect of changes in foreign exchange rates		770	86
Cash and cash equivalents at end of the year		12,999	12,637
Analysis of cash and cash equivalents			
Cash and bank balances		12,999	12,637

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. CORPORATE INFORMATION

Elate Holdings Limited (the “Company”) is incorporated in Hong Kong with limited liability. Its principal place of business is situated at Unit 1002, 10/F, Euro Trade Centre, 13-14 Connaught Road Central and 21-23 Des Voeux Road Central, Hong Kong. The Company’s securities are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (Stock Code: 76).

The Group, comprising the Company and its subsidiaries, is principally engaged in (i) manufacture and sales of graphite products worldwide; (ii) manufacture and sales of electronic products in the United Kingdom; (iii) design and manufacturing in the United Kingdom; and (iv) exploration and development of businesses relating to Web3.0.

The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information of the annual report.

As at 31 December 2025, the directors of the Company consider that the Company has no immediate and ultimate holding company or controlling party.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations (“Ints”) (hereinafter collectively referred to as the “HKFRS Accounting Standards”) as issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the provisions of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The measurement basis in the preparation of the consolidated financial statements is historical cost, except for the measurement of land and buildings, commodity, financial assets at fair value through profit or loss (“FVTPL”) and cryptocurrencies included in inventories, which are measured at revalued amount or fair values, as explained in the accounting policies set out below.

The preparation of the consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The consolidated financial statements are presented in United States dollars (“US\$”), which is the same as the functional currency of the Company.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. BASIS OF PREPARATION (Continued)

Fair value measurement (Continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Group measures the following items at fair value:

- Revalued land and buildings included in Property, plant and equipment (note 14);
- Inventories – cryptocurrencies (note 21);
- Commodity – gold bullion (note 24); and
- Financial assets at FVTPL (note 25).

For more detailed information in relation to the fair value measurement of the items above, please refer to the respective notes.

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its subsidiaries, which are defined in note 4(a). The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributable to owners of the Company and the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries in note 4(a). A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary; (ii) the carrying amount of any non-controlling interest; and (iii) the cumulative translation reserve recorded in equity; and recognises (i) the fair value of the consideration received; (ii) the fair value of any investment retained; and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or accumulated losses, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. ADOPTION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

(a) Adoption of amendments to HKFRS Accounting Standards

In the current year, the Group has applied, for the first time, the following amendments to HKFRS Accounting Standards that are effective for the current accounting period of the Group.

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability
-----------------------------------	-------------------------

The adoption of these amendments to HKFRS Accounting Standards do not have a material impact on these consolidated financial statements.

(b) New or amendments to HKFRS Accounting Standards that have been issued but not yet effective

The following new and amendments to HKFRS Accounting Standards, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 9 and HKFRS 7	Amendments to Classification and Measurement of Financial Instruments ¹
Amendments to HKFRS 9 and HKFRS 7 HKFRS 18	Contracts Referencing Nature-dependent Electricity ¹ Presentation and Disclosure in Financial Statements ²
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ²
Amendments to Int 5	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ¹

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual periods beginning on or after 1 January 2027

³ Effective for annual periods beginning on or after a date to be determined

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. ADOPTION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Continued)

(b) New or amendments to HKFRS Accounting Standards that have been issued but not yet effective (Continued)

HKFRS 18 "Presentation and Disclosure in Financial Statements"

HKFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the HKICPA in July 2024 supersedes HKAS 1 and will result in major consequential amendments to HKFRS Accounting Standards including HKAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though HKFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

The Group anticipates that the application of other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated results and the consolidated financial position of the Group.

4. MATERIAL ACCOUNTING POLICIES

(a) Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (i) the contractual arrangement with the other vote holders of the investee;
- (ii) rights arising from other contractual arrangements; and
- (iii) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less accumulated impairment losses.

The Company assesses at each reporting date whether there is any objective evidence that the interests in subsidiaries are impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the industry performance, technology changes, operational and financing cash flows. Management will also consider the financial condition and business prospects of the interest.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on the forecasted performance of the subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

(b) Joint arrangements

The Group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as joint venture where the Group has rights to the net assets of the joint arrangement.

Joint ventures are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amounts are adjusted for the Group's share of the post-acquisition change in the joint ventures' net assets except that losses in excess of the Group's interests in the joint ventures are not recognised unless there is an obligation to make payment of such losses.

Any premium paid for investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

The Company's interests in joint ventures is stated at cost less impairment losses, if any. Results of joint ventures are accounted for by the Company on the basis of dividends received and receivable.

The Group assesses whether there is an objective evidence that the interests in joint ventures may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

(c) Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination.

A CGUs to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGUs to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the CGUs is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss recognised for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

(d) Land and buildings

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed by qualified valuers with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of reporting period.

Any revaluation increase arising on revaluation of land and buildings is credited to the property revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is credited to the consolidated statement of profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the property revaluation reserve relating to a previous revaluation of that asset.

(e) Property, plant and equipment

Property, plant and equipment other than land and buildings are stated at cost less accumulated depreciation and impairment loss, if applicable. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

(e) Property, plant and equipment (Continued)

Depreciation is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Freehold land	Nil
Buildings	10 to 36 years
Plant and machinery	10% – 20%
Furniture, fixtures and computers	14% – 50%
Motor vehicles	10% – 30%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statement of profit or loss in the year in which the item is derecognised.

(f) Investment properties

Investment properties are buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. They are stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment, if any.

Depreciation is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life. The principal annual rate used for this purpose is as follows:

Investment properties	10 to 36 years
-----------------------	----------------

(g) Intangible assets (other than goodwill and cryptocurrency)

Customer contract

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on a straight-line basis over their useful lives as follows. Intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. The amortisation expense is recognised in profit or loss and included in administrative expenses.

Customer contract	7 years
-------------------	---------

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

(g) Intangible assets (other than goodwill and cryptocurrency) (Continued)

Impairment

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease to the extent of its revaluation surplus.

(h) Commodity

Commodity comprises gold bullion. Gold bullion is stated at the morning fixing price of gold at the end of the reporting period. Differences arising from changes in gold prices are dealt with in profit or loss. Net realised gains or losses from commodity is calculated using the weighted average cost method.

(i) Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

(i) Financial instruments (Continued)

(i) *Financial assets (Continued)*

FVTPL: Financial assets at *FVTPL* include financial assets held for trading, financial assets designated upon initial recognition at *FVTPL*, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at *FVTPL*, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at financial assets at fair value through other comprehensive income ("*FVTOCI*"), debt instruments may be designated at *FVTPL* on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at *FVTOCI* are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as *FVTPL*, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(ii) *Impairment loss on financial assets*

The Group recognises loss allowances for expected credit losses ("*ECLs*") on trade receivables and financial assets measured at amortised cost. The *ECLs* are measured on either of the following bases: (1) 12 months *ECLs*: these are the *ECLs* that result from possible default events within the 12 months after the reporting date; and (2) lifetime *ECLs*: these are *ECLs* that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating *ECLs* is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated *ECLs* based on lifetime *ECLs*. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

(i) Financial instruments (Continued)

(ii) *Impairment loss on financial assets (Continued)*

For other debt financial assets, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, unless reasonable and supportable information demonstrate the otherwise.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due, unless reasonable and supportable information demonstrate the otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- i) it has a low risk of default,
- ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and
- iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there are no past due amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

(i) Financial instruments (Continued)

(ii) *Impairment loss on financial assets (Continued)*

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 2 years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non-credit-impaired financial assets interest income is calculated based on the gross carrying amount.

(iii) *Financial liabilities*

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade payables, other payables and accruals and lease liabilities are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

(i) Financial instruments (Continued)

(v) *Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) *Derecognition*

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired.

(j) Leasing

(i) *Accounting as a lessee*

All leases are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases; and/or (ii) leases for which the underlying asset is of low value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset should be initially recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of an investment property, they are carried at depreciated cost and for right-of-use asset that meets the definition of a leasehold land and buildings held for own use, they are carried at depreciated cost.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

(j) Leasing (Continued)

(i) *Accounting as a lessee (Continued)*

Right-of-use asset (Continued)

The Group accounts for leasehold land and buildings that are held for rental or capital appreciation purpose under HKAS 40 and are carried at depreciated cost. The Group accounts for leasehold land and buildings which is held for own use under HKAS 16 and are carried at revalued amount. Other than the above right-of-use assets, the Group also has leased a number of properties under tenancy agreements which the Group exercises its judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The lease payments include: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

(ii) *Accounting as a lessor*

The Group has leased out its investment properties to a number of tenants. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

(k) Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group determines at each reporting date whether there is any objective evidence that non-financial assets are impaired. An impairment loss is recognised in the profit or loss for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

(l) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

(m) Revenue recognition (Continued)

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(i) *Manufacture and sales of graphite products*

Customers obtain control of the minerals products when the goods are delivered to and have been accepted based on the shipping terms. Revenue is recognised upon when the customers accepted the minerals products. There is generally only one performance obligation. Invoices are usually payable within 0-284 days.

(ii) *Manufacture and sales of electronic products*

Customers obtain control of the products when the goods are delivered to and have been accepted. Revenue is thus recognised upon when the customers accepted the products. There is generally only one performance obligation. Invoices are usually payable within 90 days.

Some of the Group's contracts with customers from the sale of products provide customers a right of return (a right to exchange another product). These rights of return do not allow the returned goods to be refunded in cash. The right of return gives rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. The application of the constraint on variable consideration increases the amount of revenue that will be deferred. In addition, a refund liability and a right to recover returned goods assets are recognised. In the comparative period, revenue for these contracts was recognised when a reasonable estimate of the returns could be made, provide that all other revenue recognition criteria are met. If a reasonable estimate could not be made, such revenue would be deferred until the return period lapsed or a reasonable estimate could be made. As a result of the change in accounting policy, the adoption of HKFRS 15 does not result in significant impact on the Group's accounting policies, as an exchange by customers of one product for another of the same type, quality, condition and price is not considered a return for the purposes of applying HKFRS 15.

(iii) *Other income*

Rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease.

Interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

(n) Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

For a single contract with the customer, a net contract liability is presented. For multiple contracts, contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(o) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits and does not give rise to equal taxable and deductible temporary differences, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and jointly ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

(p) Foreign currency

Transactions entered into by the group entities in currencies other than the currency of the primary economic environment in which it/they operate(s) (the “functional currency”) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. USD) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of the reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as translation reserve. Exchange differences recognised in profit or loss of group entities’ separate financial statements on the translation of long-term monetary items forming part of the Group’s net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as translation reserve.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in the translation reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

(q) Employee benefits

(i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

The Group has arranged in Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Ordinance. Under the MPF Scheme, each of the Group (the "employer") and its employees makes monthly contributions to the Scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund Ordinance. The contributions from employer and each of the employees respectively are subject to a cap of HK\$1,500 per month and thereafter contributions are voluntary. The assets of the MPF Scheme are held separately from those of the Group and managed by an independent trustee.

The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The subsidiary in the United Kingdom operates a defined contribution scheme for its employees. The assets of the scheme are held separately from those of the subsidiary. Contributions to defined contribution retirement schemes are charged to the profit or loss as incurred.

(r) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

(s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting that are used to make strategic decision provided to the chief operating decision-maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that makes strategic decisions.

The Group has identified the following reportable segments:

Sales of graphite products (previously known as "manufacture and sales of graphite products")

Through a wholly-owned subsidiary, Elate Graphite Limited, the Company is engaged in the business of manufacture and sales of graphite products worldwide.

Manufacture and sales of electronic products

Through its wholly-owned subsidiary, Axiom Manufacturing Services Limited in the United Kingdom, the Company is engaged in the business of manufacture and sales of electronic products. Most of Axiom's customers are located within the United Kingdom.

Design and manufacturing of electronic products

Through its wholly-owned subsidiaries, Greeve Limited and Axiom Manufacturing Services Limited, the Company is engaged in design and manufacturing business.

(t) Cryptocurrencies

Cryptocurrencies are initially recognised at cost. Cryptocurrencies that are recognised as intangible assets have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is by reference to the fair value less costs to sell.

The impairment test for cryptocurrencies is carried out for Multiple up point, Bitcoins, USD tether and USD coin, separately. Cryptocurrencies that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. An impairment loss is recognised for the amount by which the carrying amount of the cryptocurrencies exceeds its recoverable amount. The recoverable amount is the higher of the cryptocurrencies' fair value less costs of disposal and value in use. The increased carrying amount of cryptocurrencies attributable to a reversal of an impairment loss, which is recognised in profit or loss, will not exceed the carrying amount that would have been determined had no impairment loss been recognised for the cryptocurrencies in prior accounting periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (Continued)

(t) Cryptocurrencies (Continued)

Certain cryptocurrencies are held mainly for the purposes of trading and operating settlement in the ordinary course of business of the Group. Since the Group purchases these cryptocurrencies with a view to use them in the development of Web 3.0 market in the near future, the Group applies the guidance in HKAS 2 "Inventories" for commodity broker – traders and measures the cryptocurrencies under inventories at fair value less costs to sell. Difference arising from changes in fair value less costs to sell are dealt with in profit or loss in the period of the changes.

An intangible asset is transferred to inventories when, and only when there has been a change in use. Such change in use occurs when the cryptocurrencies meet the definition of inventories in accordance with guidance provided by the HKICPA, and there is evidence of a change in use. If an intangible asset becomes an inventory at fair value less costs to sell, any difference between its carrying amount and fair value less costs to sell at the date of change in use is treated as revaluation and recorded in other comprehensive income and recognised under intangible assets revaluation reserve.

(u) Convertible debentures

Convertible debentures issued by the Company that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible debentures and the fair value assigned to the liability component, representing the conversion option for the holder to convert the debentures into equity, is included in equity.

In subsequent periods, the liability component of the convertible debentures is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in equity until the embedded option is exercised (in which case the balance will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance will be released to the accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible debentures are allocated to the liability and equity component in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible debentures using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. In the future, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which the final tax outcome is determined.

Deferred tax assets relating to certain tax losses will be recognised when management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such difference will impact, where applicable and appropriate, the recognition of deferred tax assets and taxation in the periods in which such estimate is changed.

(ii) Cryptocurrencies

HKFRS Accounting Standards do not specifically address accounting for cryptocurrencies. Accordingly, for the preparation of the Group's consolidated financial statements, management needs to apply judgement in determining appropriate accounting policies based on the facts and circumstances.

According to the business model of the Group's activities and the characteristics of each of the relevant cryptocurrencies, the Group's cryptocurrencies are accounted for as indefinite-lived intangible assets by applying cost model as at 31 December 2024.

During the year ended 31 December 2025, the Group intends to explore the possibilities of utilising cryptocurrencies for settlement purpose. There are also cryptocurrencies held by the Group for trading purpose.

Based on the above relevant facts and circumstances, the directors consider that the cryptocurrencies are held mainly for use in the ordinary course of business of the Group. Accordingly, the directors consider that there is a change in use and these cryptocurrencies is transferred from intangible assets to inventories during the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(iii) Convertible debentures

Management has exercised judgement regarding the conversion timing of the convertible debentures. Management has taken into account the behavior patterns of the debenture holders and the Group's historical conversion experience.

(iv) Impairment assessment on trade and other receivables

As disclosed in note 37(d), the measurement of loss allowance under HKFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment loss and the assessment if a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

At each reporting date, the Company assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

As at 31 December 2025, the Group had carrying amount of trade receivables and other receivables of approximately US\$47,570,000 and US\$147,000, respectively (2024: US\$347,348,000 and US\$1,484,000, respectively), net of accumulated allowance of expected credit losses of US\$2,303,000 and US\$3,508,000, respectively (2024: US\$2,606,000 and nil, respectively).

(v) Impairment of joint ventures

The impairment of joint ventures is based on 12-month ECLs in accordance with accounting policy stated in note 4(i)(ii). The Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

At the reporting date, the Company assesses whether there has been a maximum exposure to credit risk on the carrying amount as at 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(vi) Fair value measurement of cryptocurrencies

The Group has processed cryptocurrencies as set out in Notes 17 and 21.

For the year ended 31 December 2024, the Group accounts for the cryptocurrencies as intangible assets. Determining whether intangible assets is impaired requires an estimation of the recoverable amount of the Cryptocurrencies, which is by reference to the fair value less costs to sell.

For the year ended 31 December 2025, the Group accounts for the cryptocurrencies as inventories measured at fair value less costs to sell.

In determining fair values used for cryptocurrencies less cost to sells, management needs to apply judgment to identify the relevant available markets for trading of cryptocurrencies, and to consider trading volume, marketability and liquidity of the cryptocurrencies.

As at 31 December 2025, the carrying amounts of cryptocurrencies were approximately US\$334,489,000 (2024: US\$7,313,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. SEGMENT REPORTING

The Group has three reportable operating segments, as described in note 4(s).

CODM monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before income tax. The adjusted profit/(loss) before income tax is measured consistently with the Group's profit/(loss) before income tax except that fair value gain on financial assets at fair value through profit or loss, as well as head office and corporate expenses are excluded from this measurement.

During the year ended 31 December 2025, management decided to rename the operating segment of "manufacture and sales of graphite products" to "sales of graphite products", as the Group's entire production lines in Madagascar were disposed of in December 2024.

Segment assets exclude unallocated head office and corporate assets (including cryptocurrencies recognised as inventories) as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Information regarding the Group's reportable segments as provided to the CODM for the purposes of resource allocation and assessment performance for the years ended 31 December 2025 and 2024 is set out below:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. SEGMENT REPORTING (Continued)

(a) Reporting segments

For the year ended 31 December 2025

	Sales of graphite products US\$'000	Manufacture and sales of electronic products US\$'000	Design and manufacturing of electronic products US\$'000	Total US\$'000
Revenue from external customers	30,240	102,260	–	132,500
Segment results	(1,419)	13,324	–	11,905
Unallocated income:				
Fair value gain on cryptocurrencies				21,996
Unallocated expenses:				
Fair value loss on financial assets at FVTPL				(42,606)
Unallocated depreciation expenses				(293)
Unallocated staff costs				(941)
Central administrative expenses				(1,839)
Loss from operations				(11,778)
Finance cost				(12)
Income tax expenses				(2,832)
Loss for the year				(14,622)
Segment assets	33,493	69,083	44	102,620
Reconciliation of segment assets:				
Unallocated corporate assets				363,502
Total assets				466,122
Segment liabilities	(1,736)	(37,519)	(30)	(39,285)
Reconciliation of segment liabilities:				
Unallocated corporate liabilities				(1,376)
Total liabilities				(40,661)
Depreciation	–	1,441	–	1,441
Significant non-cash expenses/(income), net	539	(842)	–	(303)
Capital expenditure	–	843	–	843

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. SEGMENT REPORTING (Continued)

(a) Reporting segments (Continued)

For the year ended 31 December 2024

	Sales of graphite products US\$'000	Manufacture and sales of electronic products US\$'000	Design and manufacturing of electronic products US\$'000	Total US\$'000
Revenue from external customers	344,800	86,205	77	431,082
Segment results	1,702	6,712	(462)	7,952
Unallocated income:				
Fair value gain on financial assets at FVTPL				39,240
Unallocated expenses:				
Unallocated depreciation expenses				(436)
Unallocated staff costs				(927)
Central administrative expenses				(3,546)
Profit from operations				42,283
Finance cost				(19)
Income tax expenses				(1,962)
Profit for the year				40,302
Segment assets	338,549	40,605	41	379,195
Reconciliation of segment assets:				
Unallocated corporate assets				72,933
Total assets				452,128
Segment liabilities	(1,993)	(14,032)	(28)	(16,053)
Reconciliation of segment liabilities:				
Unallocated corporate liabilities				(5,665)
Total liabilities				(21,718)
Depreciation	2,179	1,434	13	3,626
Significant non-cash expenses, net	1,408	869	–	2,277
Capital expenditure	–	382	2	384

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. SEGMENT REPORTING (Continued)

(b) Geographical information

	Revenue		Non-current assets	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
Madagascar	–	296,433	–	–
United Kingdom	102,260	86,282	15,251	14,775
Hong Kong	12,246	27,751	2	7,317
United States of America	9,772	12,681	–	–
Germany	3,433	5,027	–	–
Spain	–	579	–	–
Chinese Mainland	–	375	–	–
Singapore	1,996	360	–	–
Others	2,793	1,594	24	307
	132,500	431,082	15,277	22,399

The revenue information above is based on the locations of the customers.

The non-current asset information above is based on locations of the assets and excludes financial assets at FVTPL.

(c) Information about major customers

Revenue from customers of the corresponding years contributing over 10% (2024: 10%) of the total revenue of the Group are as follows:

	2025 US\$'000	2024 US\$'000
Customer A (Note (ii))	–	296,433
Customer B (Notes (i), (iii))	27,199	N/A
Customer C (Notes (i), (iii))	20,151	N/A
Customer D (Notes (i), (iii))	17,893	N/A

Notes:

- (i) The customer contributed less than 10% of the Group's revenue for the year ended 31 December 2024.
- (ii) The revenue is derived from manufacture and sales of graphite products.
- (iii) The revenue is derived from manufacture and sales of electronic products

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. REVENUE AND OTHER INCOME

Revenue mainly represents revenue from sales of graphite products (2024: manufacture and sales of graphite products); manufacture and sales of electronic products; and design and manufacturing of electronic products.

An analysis of the Group's revenue and other income is as follows:

	2025 US\$'000	2024 US\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of graphite products (2024: Manufacturing and sales of graphite products)	30,240	344,800
Manufacture and sales of electronic products	102,260	86,205
Design and manufacturing of electronic products	–	77
	132,500	431,082
Timing of revenue recognition		
At a point in time	132,500	431,082
Other income		
Bank interest income	4	70
Rental income (Note 15)	112	2,712
Gain on disposal of property, plant and equipment and investment properties	–	537
Loss on disposal of intangible assets	(2)	–
Sundry income	192	642
	306	3,961

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. REVENUE AND OTHER INCOME (Continued)

No remaining performance obligation under existing contracts has been disclosed as performance obligations under the Group's existing contracts has an original expected duration of one year or less, thus the Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts.

8. (LOSS)/PROFIT FROM OPERATING ACTIVITIES

The Group's (loss)/profit from operating activities is arrived at after charging/(crediting):

	2025 US\$'000	2024 US\$'000
Depreciation (Note (i)):		
– property, plant and equipment and investment properties	1,362	3,682
– right-of-use assets included:		
– properties	231	233
– plant and machinery	141	147
Cost of inventories recognised as expenses (Note (ii))	111,807	415,506
Staff costs (including directors' emoluments (Note 10) (Note (iii)))	19,005	16,030
Auditor's remuneration		
– audit fee	269	402
– other services	23	168
Foreign exchange gains, net	(65)	(463)

Notes:

- (i) Included in depreciation of property, plant and equipment during the year ended 31 December 2025 are US\$939,000 (2024: US\$1,064,000) and US\$795,000 (2024: US\$2,998,000) being classified under cost of sales and general and administrative expenses respectively in the consolidated statement of profit or loss.
- (ii) Included in cost of inventories recognised as expenses during the year ended 31 December 2025 are US\$13,340,000 (2024: US\$11,375,000) and US\$939,000 (2024: US\$1,064,000) relating to staff costs and depreciation of property, plant and equipment respectively. The amounts are also included in the respective total amounts as separately disclosed above.
- (iii) Included in staff cost during the year ended 31 December 2025 are US\$13,340,000 (2024: US\$11,375,000) and US\$5,665,000 (2024: US\$4,655,000) being classified under cost of inventories and general and administrative expenses respectively in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

9. FINANCE COST

	2025 US\$'000	2024 US\$'000
Interest on lease liabilities	12	19

10. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

Directors' emoluments during the year ended 31 December 2025 disclosed pursuant to Section 383 of the Companies Ordinance and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) are as follows:

Name of directors	Fees US\$'000	Salaries, allowances and benefits in kind US\$'000	Retirement scheme contributions US\$'000	2025 Total US\$'000
Executive directors				
Zhang Xue	–	30	2	32
Feng Zhong Yun	–	15	–	15
Independent non-executive directors				
Ng Lai Po	23	–	1	24
Yan Shao Shi	15	–	–	15
Ye Yi Fan	15	–	–	15
	53	45	3	101

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

Name of directors	Fees US\$'000	Salaries, allowances and benefits in kind US\$'000	Retirement scheme contributions US\$'000	2024 Total US\$'000
Executive directors				
Zhang Xue	–	31	2	33
Feng Zhong Yun	–	15	–	15
Independent non-executive directors				
Ng Lai Po	23	–	1	24
Yan Shao Shi	15	–	–	15
Ye Yi Fan	15	–	–	15
	53	46	3	102

No emoluments have been paid to the directors as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2025 and 2024. There was no arrangement under which a director or the chief executive waived or agreed to waive any emoluments during the years ended 31 December 2025 and 2024.

During the year ended 31 December 2025 and 2024, the executive directors' remuneration shown above were for their services in connection with the management of the affairs of the Company. The other directors' remuneration shown above were for their services as directors of the Company.

(b) Staff cost (including directors' emoluments)

	2025 US\$'000	2024 US\$'000
Fees	53	53
Salaries, allowances and other benefits in kind	18,311	15,790
Retirement scheme contributions	641	187
	19,005	16,030

There were no forfeited contributions can be used to offset future employers' contributions during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2025 and 2024 did not include any director, details of whose remuneration are set out in note 10(a) above. The details of the emoluments of the five (2024: five) highest paid employees during the year ended 31 December 2025 are set out below:

	2025 US\$'000	2024 US\$'000
Salaries, allowances and other benefits in kind	2,192	2,024
Retirement scheme contribution	36	42
	2,228	2,066

The emoluments of the five highest paid employees fell within the following bands:

	Number of employees	
	2025	2024
US\$0 to US\$128,200 (equivalent to HK\$0 to HK\$1,000,000)	2	2
US\$512,801 to US\$576,900 (equivalent to HK\$4,000,001 to HK\$4,500,000)	–	2
US\$576,901 to US\$641,000 (equivalent to HK\$4,500,001 to HK\$5,000,000)	2	–
US\$705,101 to US\$769,200 (equivalent to HK\$5,500,001 to HK\$6,000,000)	–	1
US\$769,201 to US\$833,300 (equivalent to HK\$6,000,001 to HK\$6,500,000)	1	–
	5	5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

12. INCOME TAX EXPENSES

(a) Income tax expense in the consolidated statement of profit or loss represents:

	2025 US\$'000	2024 US\$'000
Current – Hong Kong		
– Charge for the year	7	709
– Under-provision for prior years	–	331
Current – United Kingdom		
– Charge for the year	3,121	1,487
– Over-provision for prior years	(255)	(350)
	2,873	2,177
Deferred tax (Note 20)	(41)	(215)
	2,832	1,962

Provision for Hong Kong Profits Tax for the year ended 31 December 2025 were calculated at 16.5% (2024: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is qualifying corporation under the two-tiered profits tax rate regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% (2024: 8.25%), and the remaining assessable profits are taxed at 16.5% (2024: 16.5%).

The tax rate of the UK subsidiaries is 25% for the year ended 31 December 2025 (2024: 25%).

The Group operates in certain jurisdictions where the Pillar Two Rules are enacted but not effective. However, as the Group's consolidated annual revenue is expected to be less than EUR750 million, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules.

(b) Reconciliation between income tax expenses and (loss)/profit before income tax at applicable tax rates:

	2025 US\$'000	2024 US\$'000
(Loss)/profit before income tax	(11,790)	42,264
Tax on (loss)/profit before tax, calculated at the rates applicable to profits in the countries concerned	(974)	7,314
Tax effect of non-deductible expenses	8,136	1,315
Tax effect of non-taxable income	(4,566)	(7,041)
Tax effect of tax losses not recognised	491	396
Over-provision for prior years, net	(255)	(19)
Tax effect of utilisation of deductible temporary differences previously not recognised	–	(3)
	2,832	1,962

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share is based on the following data:

	2025 US\$'000	2024 US\$'000
(Loss)/earnings		
(Loss)/profit for the year attributable to owners of the Company for the purposes of basic and diluted (loss)/earnings per share	(14,622)	40,302
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted (loss)/earnings per share (Note)	412,984,320	363,165,384

Note: The denominators used are the same as those detailed above for both basic and diluted (loss)/earnings per share. Diluted (loss)/earnings per share is of the same amount as the basic (loss)/earnings per share as there were no potential dilutive ordinary shares outstanding during the year ended 31 December 2024 and 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings US\$'000	Plant and machinery US\$'000	Furniture, fixtures and computers US\$'000	Motor vehicles US\$'000	Total US\$'000
Cost or valuation:					
At 1 January 2025	8,877	10,813	9,254	183	29,127
Exchange differences	618	531	671	–	1,820
Additions	–	829	14	–	843
Disposal	–	(12)	–	–	(12)
At 31 December 2025	9,495	12,161	9,939	183	31,778
Representing:					
Cost	–	12,161	9,939	183	22,283
Valuation	9,495	–	–	–	9,495
	9,495	12,161	9,939	183	31,778
Accumulated depreciation:					
At 1 January 2025	–	8,806	7,186	183	16,175
Exchange differences	–	232	533	–	765
Disposal	–	(12)	–	–	(12)
Charge for the year	–	901	401	–	1,302
At 31 December 2025	–	9,927	8,120	183	18,230
Net carrying amount:					
At 31 December 2025	9,495	2,234	1,819	–	13,548

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land and buildings US\$'000	Plant and machinery US\$'000	Furniture, fixtures and computers US\$'000	Motor vehicles US\$'000	Constructions in progress US\$'000	Total US\$'000
Cost or valuation:						
At 1 January 2024	8,931	29,555	9,241	183	98	48,008
Exchange differences	(145)	1,783	(115)	–	–	1,523
Additions	–	258	128	–	–	386
Disposal	–	(20,783)	–	–	(98)	(20,881)
Revaluation	91	–	–	–	–	91
At 31 December 2024	8,877	10,813	9,254	183	–	29,127
Representing:						
Cost	–	10,813	9,254	183	–	20,250
Valuation	8,877	–	–	–	–	8,877
	8,877	10,813	9,254	183	–	29,127
Accumulated depreciation:						
At 1 January 2024	–	16,842	6,801	183	–	23,826
Exchange differences	–	1,974	(85)	–	–	1,889
Disposal	–	(12,867)	–	–	–	(12,867)
Charge for the year	–	2,857	470	–	–	3,327
At 31 December 2024	–	8,806	7,186	183	–	16,175
Net carrying amount:						
At 31 December 2024	8,877	2,007	2,068	–	–	12,952

During the year ended 31 December 2024, the Group's entire production line in Madagascar were disposed of.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The analysis of net carrying amount of land and buildings is as follows:

	2025 US\$'000	2024 US\$'000
Land and buildings – properties – freehold land and buildings outside Hong Kong	9,495	8,877

The freehold land and buildings were revalued on 31 December 2025 on the basis of their open market value by Savills (UK) Limited (2024: Savills (UK) Limited), an independent firm of chartered surveyors.

The Group's freehold land and buildings were classified under level 3 in the fair value hierarchy. A reconciliation of the movement during the year ended 31 December 2025 is provided below.

	2025 US\$'000	2024 US\$'000
As at 1 January	8,877	8,931
Exchange differences	618	(145)
Gain included in other comprehensive income:		
Revaluation of land and buildings	–	91
As at 31 December	9,495	8,877

The fair value of freehold land and buildings were determined based on the market comparable approach that reflects recent transaction prices for similar properties, adjusted for differences in the nature, location and condition of the freehold land and buildings under review. These adjustments are based on unobservable inputs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

Details about the valuation inputs are as follows:

Properties	Location	Level	Valuation technique	Unobservable inputs	Range of unobservable inputs
Land and buildings	United Kingdom	3	Market comparable approach	Discount/Premium on quality and characteristics of properties	– 5% to 5%

Higher premiums or discounts for differences in the quality and characteristics of the Group's properties would result in correspondingly higher or lower fair values.

There has been no change to the valuation technique during the years ended 31 December 2025 and 2024.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

Had the Group's freehold land and buildings been measured on a historical cost basis, their carrying amount would have been US\$4,462,000 (2024: US\$4,005,000).

During the years ended 31 December 2025 and 2024, there were no transfers into or out of level 3 or any other level. The Group's policy is to recognise transfers between levels of the fair value hierarchy as at the end of the reporting period in which they occur.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

15. INVESTMENT PROPERTIES

	US\$'000
<hr/>	
Cost:	
At 1 January 2024	10,996
Disposal for the year	(9,028)
Exchange differences	155
<hr/>	
At 31 December 2024 and 1 January 2025	2,123
Exchange differences	60
<hr/>	
At 31 December 2025	2,183
<hr/>	
Accumulated depreciation:	
At 1 January 2024	1,956
Charge for the year	355
Disposal for the year	(1,897)
Exchange differences	16
<hr/>	
At 31 December 2024 and 1 January 2025	430
Charge for the year	60
Exchange differences	38
<hr/>	
At 31 December 2025	528
<hr/>	
Net carrying amount:	
At 31 December 2025	1,655
<hr/>	
At 31 December 2024	1,693
<hr/>	

The Group's investment properties are measured using a cost model and are leased to third parties under operating leases to earn rental income of US\$112,000 (2024: US\$1,385,000) (note 7) during the year ended 31 December 2025.

During the year ended 31 December 2024, certain of the Group's investment properties that leased to third parties in Madagascar were disposed of (2025: nil).

As at 31 December 2025, in the opinion of directors of the Company, the fair value of the Group's investment properties, with reference to recent market transactions valued by Savills (UK) Limited, (2024: Savills (UK) Limited), an independent firm of chartered surveyors, were approximately US\$2,579,000 (2024: US\$2,466,000).

The directors of the Company considered that no provision for impairment loss on the investment properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. LEASES

(a) Right-of use assets

The carrying amount of the Group's right-of-use assets and the movements during the year are as follows:

	Properties US\$'000	Plant and machinery US\$'000	Total US\$'000
At 1 January 2024	75	286	361
Addition	463	–	463
Depreciation	(233)	(147)	(380)
Exchange differences	–	(3)	(3)
At 31 December 2024 and 1 January 2025	305	136	441
Depreciation	(231)	(141)	(372)
Exchange differences	–	5	5
At 31 December 2025	74	–	74

(b) Lease liabilities

The present value of future lease liabilities are analysed as follows:

	2025 US\$'000	2024 US\$'000
Current	77	234
Non-current	–	77
	77	311

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. LEASES (Continued)

(b) Lease liabilities (Continued)

	Leased properties US\$'000	Plant and machinery US\$'000	Total US\$'000
At 1 January 2024	76	32	108
Additions	463	–	463
Interest expense	15	4	19
Lease payments	(245)	(34)	(279)
At 31 December 2024 and 1 January 2025	309	2	311
Interest expense	12	–	12
Lease payments	(244)	(2)	(246)
At 31 December 2025	77	–	77

Future lease payments are due as follows:

	Minimum lease payment 2025 US\$'000	Interest 2025 US\$'000	Present value 2025 US\$'000
Not later than one year	79	2	77

	Minimum lease payments 2024 US\$'000	Interest 2024 US\$'000	Present value 2024 US\$'000
Not later than one year	245	11	234
Later than one year and not later than two years	79	2	77
	324	13	311

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. LEASES (Continued)

(c) Operating leases – lessor

The Group's investment properties are leased to independent third parties under operating leases to earn rental income. The minimum rent receivables under non-cancellable operating leases are as follows:

	2025 US\$'000	2024 US\$'000
Not later than one year	349	314
Later than one year and not later than two years	279	325
Later than two year and not later than three years	–	259
	628	898

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. INTANGIBLE ASSETS

	Cryptocurrencies	Goodwill	Customer contract	Total
	US\$'000	US\$'000	US\$'000	US\$'000
	<i>(Note (b))</i>	<i>(Note (a))</i>	<i>(Note (a))</i>	
Cost:				
At 1 January 2024	–	171	584	755
Addition	7,342	–	–	7,342
Disposal	(29)	–	–	(29)
At 31 December 2024 and 1 January 2025	7,313	171	584	8,068
Addition	9,351	–	–	9,351
Disposal	(580)	–	–	(580)
Revaluation <i>(note (c))</i>	3,059	–	–	3,059
Transfer to inventories <i>(note (c))</i>	(19,143)	–	–	(19,143)
At 31 December 2025	–	171	584	755
Accumulated amortisation and impairment:				
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	–	171	584	755
Carrying amount:				
At 31 December 2025	–	–	–	–
At 31 December 2024	7,313	–	–	7,313

Notes:

- (a) Goodwill and customer contract arose from the acquisition of 100% equity interest in Greeve Limited on 20 July 2016. Customer contract represents a sales agreement entered by Greeve Limited with a customer in the United Kingdom for 7 years. It was identified as an intangible asset upon the acquisition of Greeve Limited. The cost of the customer contract was measured at fair value at the date of acquisition. Subsequently, the customer contract is carried at cost less accumulated amortisation and accumulated impairment losses.

The goodwill has been fully impaired in prior years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. INTANGIBLE ASSETS (Continued)

Notes: (Continued)

- (b) Cryptocurrencies purchased and held by the Group have been assessed based on each type of cryptocurrencies for impairment testing. The Group carries out their impairment testing by comparing the recoverable amounts of cryptocurrencies to their carrying amounts. An impairment loss will be recognised when the recoverable amount is lower than the carrying amount, while a gain will not be recognised even when the recoverable amount is higher than the carrying amount. A gain will only be recognised if the impairment loss is recovered or the cryptocurrency is disposed of, assuming the proceeds from disposal at that time is higher than its carrying amount.

The cost of cryptocurrencies of the Group are presented below:

	2025 US\$'000	2024 US\$'000
Multiple up point ("MUP")	–	7,182
Bitcoin ("BTC")	–	97
USD tether ("USDT")	–	4
USD coin ("USDC")	–	1
Others	–	29
	–	7,313

Cryptocurrencies purchased and held by the Group through third-party custodian service providers include MUP, BTC, USDT and USDC, which are accounted for as intangible assets under the cost model. The Group has ownership of and control over the cryptocurrencies held and employs third-party custodian service provider to securely store them. The cryptocurrencies held by the Group are considered to have an indefinite life. Accordingly, they are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

The recoverable amount of each type of cryptocurrencies as at 31 December 2024 are determined based on fair value less costs of disposal. In determining the fair values, the relevant available markets are identified by the Group, and the Group consider accessibility to, and activity within those markets in order to identify the principal cryptocurrency markets of the Group. The fair value of the Group's cryptocurrencies is determined based on quoted market prices at the end of the reporting period. No impairment loss had been recognised during the year ended 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. INTANGIBLE ASSETS (Continued)

Notes: (Continued)

- (c) During the year ended 31 December 2025, the Group reclassified cryptocurrencies previously classified as intangible assets as inventories at fair value less costs to sell upon the change of use. The carrying amount of these cryptocurrencies on the date of reclassification amounted to approximately US\$16,084,000 and the Group recognised a fair value gain of US\$3,059,000 on the date of reclassification. The fair value gain amounting to approximately US\$3,059,000 was recognised in intangible assets revaluation reserve in equity.

The fair value of the cryptocurrencies on the date of reclassification, amounted to approximately US\$19,143,000, were reference to the quoted price of the respective cryptocurrencies in the principal market, with an adjustment of discount for lack of marketability (if any).

The following table provides an analysis of intangible assets that are remeasured at fair value on the date of reclassification, grouped into level 1 to 3 based on the degree to which the fair value is observable:

	Level 1 US\$'000	Level 2 US\$'000	Total US\$'000
USDC	32	–	32
BTC	753	–	753
MUP	–	18,358	18,358
	785	18,358	19,143

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. INTERESTS IN SUBSIDIARIES

	The Company	
	2025	2024
	US\$'000	US\$'000
Unlisted shares, at cost	78	78
Amounts due from subsidiaries	70,975	70,167
	71,053	70,245
Less: accumulated impairment	(51,533)	(51,533)
Carrying amount at 31 December	19,520	18,712

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Details of the subsidiaries as at 31 December 2025 and 2024 are as follows:

Name of subsidiaries	Form of business structure	Place of incorporation	Place of operations	Issued share capital	Percentage of issued share capital and ownership interest held		Principal activities
					by the Group		
					2025	2024	
					%	%	
Axiom Manufacturing Services Limited	Limited liability company	United Kingdom	United Kingdom	13,564,002 ordinary shares of British Pound ("GBP") 1 each	100 ⁽¹⁾	100 ⁽¹⁾	Assembly of electronic components
Axiom MS Limited	Limited liability company	United Kingdom	United Kingdom	1,000 ordinary shares of GBP1 each	100 ⁽¹⁾	100 ⁽¹⁾	Property holding
Cityhill Limited	Limited liability company	Cayman Islands	Hong Kong	1 ordinary share of US\$1 each	100 ⁽³⁾	100 ⁽³⁾	Investment holding
Comp International Limited	Limited liability company	British Virgin Islands	Hong Kong	64,300 ordinary shares of US\$1 each	100 ⁽³⁾	100 ⁽³⁾	Dormant
Comp Media and Advertising Limited	Limited liability company	Hong Kong	Hong Kong	200 ordinary shares of HK\$200	100 ⁽²⁾	100 ⁽²⁾	Dormant

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. INTERESTS IN SUBSIDIARIES (Continued)

Details of the subsidiaries as at 31 December 2025 and 2024 are as follows: (Continued)

Name of subsidiaries	Form of business structure	Place of incorporation	Place of operations	Issued share capital	Percentage of issued share capital and ownership interest held by the Group		Principal activities
					2025 %	2024 %	
Elate Graphite Limited	Limited liability company	Hong Kong	Hong Kong	1 ordinary share of HK\$1	100 ⁽¹⁾	100 ⁽¹⁾	Manufacture and sales of graphite products
Great Admirer Limited	Limited liability company	Hong Kong	Hong Kong	200 ordinary shares of HK\$200	100 ⁽³⁾	100 ⁽³⁾	Investment holding and securities trading and development of cultural industry and multi-media production
Greeve Limited	Limited liability company	United Kingdom	United Kingdom	700 ordinary shares of GBP1 each	– ⁽⁴⁾	100 ⁽¹⁾	Design and manufacturing of electronic products

(1) Held indirectly

(2) 99.5% held directly and 0.5% held indirectly

(3) Held directly

(4) Greeve Limited were dissolved during the year ended 31 December 2025.

(5) None of the subsidiaries had any debt securities outstanding at the end of the year, or at any time during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. INTERESTS IN JOINT VENTURES

Details of the Group's interests in joint ventures are as follows:

	2025 US\$'000	2024 US\$'000
Share of net assets	1	1
Amount due from a joint venture	2	3,558
Less: accumulated impairment (see below)	–	(3,558)
	3	1

As at 31 December 2024, the directors of the Company considered the amount due from the joint venture was credit-impaired, and accordingly full amount of impairment was recognised.

The following table reconciles the accumulated impairment of amount due from a joint venture for the year ended 31 December 2025:

	2025 US\$'000	2024 US\$'000
At 1 January	3,558	3,558
Transfer to other receivables (Note)	(3,558)	–
At 31 December	–	3,558

Note: Following the disposal of Gold Gold Gold Limited during the year ended 31 December 2025, balance of approximately US\$3,558,000 was classified as other receivables, accordingly, the corresponding accumulated impairment of approximately US\$3,558,000 recognised was also reclassified as loss allowance for other receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. INTERESTS IN JOINT VENTURES (Continued)

As at 31 December 2025 and 2024, the Group have interests in the following joint ventures:

Name of joint venture	Place of incorporation	Place of operation	Issued share capital	Percentage of issued share capital and ownership interest held by the Group		Principal activities
				2025	2024	
				%	%	
Gold Gold Gold Limited (Note (a))	Hong Kong	Hong Kong	10,000 ordinary shares of HK\$10,000	–	50	Trading of gold
GoMeta Limited (Note (b))	Hong Kong	Hong Kong	20,000 ordinary shares of HK\$200,000	50	50	Dormant

(a) The principal activity of Gold Gold Gold Limited is trading of gold, which is in line with the Group's strategy to explore new business opportunities. During the year ended 31 December 2025, the Group disposed of its entire 50% equity interest in Gold Gold Gold Limited to an independent third party at a cash consideration of HK\$870,000 (equivalent to approximately US\$112,000). The gain on disposal of a joint venture has been included in other income in the year ended 31 December 2025.

(b) During the year ended 31 December 2024, GoMeta Limited issued and allotted 10,000 ordinary shares at a consideration of HK\$100,000 to an independent third party. After the allotment, the Group's equity interest in GoMeta Limited was diluted from 100% to 50%. After the completion of the transaction, GoMeta Limited became a joint venture company, which is currently dormant.

The Group has discontinued recognition of its share of losses of the joint ventures. The amounts of unrecognised share of the joint ventures, extracted from the relevant management accounts of the joint ventures, both for the year and cumulatively, are as follows:

	2025 US\$'000	2024 US\$'000
Accumulated unrecognised share of losses of the joint venture in prior years	2,288	2,071
Unrecognised share of net losses of the joint ventures for the year	2	217
Released upon disposal of a joint venture	(2,288)	–
	2	2,288

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. INTERESTS IN JOINT VENTURES (Continued)

Summarised financial information of material joint venture, Gold Gold Gold Limited (which was disposed during the year ended 31 December 2025), adjusted for any differences in accounting policies, is presented below:

	2024 US\$'000
As at 31 December	
Non-current assets	–
Current assets	158
Non-current liabilities	(4,511)
Current liabilities	(624)
Net liabilities	(4,977)
<i>Included in the above amounts are:</i>	
Cash and cash equivalents	15
Year ended 31 December	
Revenue	75
Loss from operating activities	(434)
Other comprehensive income for the year	–
Total comprehensive expense for the year	(434)
<i>Included in the above amounts are:</i>	
Depreciation and amortisation	1
Finance costs	222

The directors considered that the summarised financial information of Gold Gold Gold Limited from 1 January 2025 up to disposal date is insignificant. Hence, no disclosure is presented.

Aggregate information of joint venture that are not individually material

	2025 US\$'000	2024 US\$'000
Aggregate carrying amount of the Group's joint venture in the consolidated financial statements	2	–
	2025 US\$'000	2024 US\$'000
Share of profits and total comprehensive income of associate	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

20. DEFERRED TAX

The following are the major deferred tax liabilities recognised by the Group, and the movements thereon, during the years ended 31 December 2025 and 2024.

	Depreciation
	US\$'000
At 1 January 2024	722
Credited to profit or loss (<i>note 12</i>)	(215)
Exchange differences	(8)
At 31 December 2024 and 1 January 2025	499
Credited to profit or loss (<i>note 12</i>)	(41)
Exchange differences	35
At 31 December 2025	493

Deferred tax asset has not been recognised for the followings:

	2025	2024
	US\$'000	US\$'000
Estimated unused tax losses	8,437	5,465

The unused tax losses are subject to the final assessment by the Hong Kong Inland Revenue Department. No deferred tax asset has been recognised in respect of the estimated unused tax losses due to the unpredictability of future profit streams. The amount of unrecognised tax losses have no expiry date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. INVENTORIES

	2025 US\$'000	2024 US\$'000
Raw materials	31,908	16,495
Work in progress	7,884	3,312
Finished goods	2,111	2,472
Cryptocurrencies (<i>Note (b)</i>)	334,489	–
	376,392	22,279

Notes:

- (a) All inventories are expected to be recovered under normal operating cycle.
- (b) The balance is measured at fair value through profit or loss less costs to sell.

The fair value of cryptocurrencies are referenced to the quoted price in the principal market, with an adjustment of discount for lack of marketability (if any).

The following table provides an analysis of cryptocurrencies that are measured at fair value less costs to sell as at 31 December 2025, grouped into level 1 to 3 based on the degree to which the fair value is observable:

	Level 1 US\$'000	Level 2 US\$'000	Total US\$'000
USDC	33	–	33
BTC	615	–	615
MUP	–	333,841	333,841
	648	333,841	334,489

Movement during the year ended 31 December 2025 is as follows:

	2025 US\$'000
As at 1 July (date of reclassification) (<i>Note 17</i>)	19,143
Transfer from trade receivables (<i>Note 22</i>)	314,504
Net unrealised gains	842
As at 31 December	334,489
Total unrealised gain recognised in profit or loss related to the cryptocurrencies held by the Group for the year, net	842

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

22. TRADE RECEIVABLES

	2025 US\$'000	2024 US\$'000
Trade receivables	47,570	347,348

Included in trade receivables are trade debtors (net of loss allowance) with the following ageing analysis, based on invoice dates which approximate their respective revenue recognition date, as at the end of reporting period.

	2025 US\$'000	2024 US\$'000
0 – 30 days	12,313	315,720
31 – 60 days	15,272	12,142
61 – 90 days	6,696	2,446
Over 90 days	13,289	17,040
	47,570	347,348

The Group measures loss allowance for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

As at 31 December 2025, the Group collectively assessed trade receivables and recognised a loss allowance of approximately US\$2,303,000 (2024: US\$2,606,000) on the trade receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

22. TRADE RECEIVABLES (Continued)

The following tables provide information about the Group's exposure to credit risk and ECLs for trade receivables according to their past due dates:

	Expected loss rate	Gross carrying amount US\$'000	Loss allowance US\$'000	Net carrying amount US\$'000
At 31 December 2025				
Current	0.2%	26,776	(52)	26,724
1 – 30 days	1.0%	9,382	(96)	9,286
31 – 60 days	3.7%	4,449	(164)	4,285
61 – 90 days	4.5%	1,191	(53)	1,138
Over 90 days	24%	8,075	(1,938)	6,137
		49,873	(2,303)	47,570

	Expected loss rate	Gross carrying amount US\$'000	Loss allowance US\$'000	Net carrying amount US\$'000
At 31 December 2024				
Current	0.6%	324,178	(1,983)	322,195
1 – 30 days	1.0%	10,788	(108)	10,680
31 – 60 days	2.0%	7,120	(139)	6,981
61 – 90 days	2.0%	3,985	(78)	3,907
Over 90 days	7.7%	3,883	(298)	3,585
		349,954	(2,606)	347,348

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

22. TRADE RECEIVABLES (Continued)

The following table reconciles the loss allowance of trade receivables for the year ended 31 December 2025:

	2025 US\$'000	2024 US\$'000
At 1 January	2,606	329
(Reversal of impairment loss)/impairment loss on trade receivables	(303)	2,277
At 31 December	2,303	2,606

All receivables are due for settlement no more than 60 days after issue and collectability is reviewed on an ongoing basis.

As at 31 December 2024, the counterparty provided cryptocurrency at market value of approximately US\$300,000,000 as collateral for the trade receivables with carrying amount of US\$296,433,000. During the year ended 31 December 2025, the Group received partial payment from the counterparty amounted to approximately US\$3,000,000. Accordingly, the respective 1,012,035 MUP equivalent to approximately US\$3,000,000 has been released to the counterparty. On 30 September 2025, the counterparty failed to settle the remaining trade receivable in full. After negotiations between the Group and counterparty, the Group and the counterparty entered into a repayment agreement on 16 October 2025. The Group agreed to accept the collateral comprising 98,987,965 MUP as settlement of the remaining balance of the trade receivables. As at the date of enforcing the collateral, the fair value of the 98,987,965 MUP was US\$314,504,000. As a result, a gain arising from the derecognition of the trade receivables amounted to approximately US\$21,071,000 has been recognised by the Group within "fair value gain on cryptocurrencies".

The maximum exposure to credit risk as at 31 December 2025 was the carrying amount mentioned above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

23. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The analysis of the other receivables, deposits and prepayments is as follows:

	2025 US\$'000	2024 US\$'000
Other deposits and prepayments	9,981	679
Other receivables	147	1,484
	10,128	2,163

For the balances of other receivables, deposits and prepayments, the Group does not hold any collateral as security as at 31 December 2025 and 2024.

Following the disposal of Gold Gold Gold Limited during the year ended 31 December 2025 (Note 19), balance of approximately US\$3,558,000 was classified as other receivables, accordingly, the corresponding accumulated impairment of approximately US\$3,558,000 recognised was also reclassified as loss allowance for other receivables.

The following table reconciles the loss allowance of other receivables for the year ended 31 December 2025:

	2025 US\$'000	2024 US\$'000
At 1 January	–	–
Transfer from amount due from a joint venture (<i>Note 19</i>)	3,558	–
At 31 December	3,558	–

The maximum exposure to credit risk at the end of the reporting period is the carrying amounts of each class of receivables mentioned above. Further details on the Group's credit policy and credit risk arising from other receivables and deposits are set out in note 37(d).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

24. COMMODITY

The commodity held by the Group as at 31 December 2025 is as follows:

	2025 US\$'000	2024 US\$'000
Gold bullion	2,684	1,626

Movement during the year ended 31 December 2025 is as follows:

	<i>Note</i>	2025 US\$'000	2024 US\$'000
As at 1 January		1,626	1,285
Net unrealised gains, net		1,057	342
Exchange difference		1	(1)
As at 31 December	<i>(i)</i>	2,684	1,626
Total unrealised gains recognised in profit or loss related to commodity held by the Group for the year, net		1,057	342

Note (i): Commodity held by the Group is gold bullion. Its fair value is based on quoted price with reference to London Bullion Market morning fixing price. Therefore, the commodity is classified as Level 1 investments in the fair value hierarchy.

25. FINANCIAL ASSETS AT FVTPL

	2025 US\$'000	2024 US\$'000
Non-current assets		
Shares traded on the OTC Pink Market in the United States	700	43,431
Current assets		
Hong Kong listed equity securities	369	244
	1,069	43,675

The fair value is based on the quoted price in the respective stock market.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

25. FINANCIAL ASSETS AT FVTPL (Continued)

Movement during the year ended 31 December 2025 is as follows:

	2025 US\$'000	2024 US\$'000
As at 1 January	43,675	4,442
Disposal	–	(7)
Net unrealised (losses)/gains	(42,606)	39,240
As at 31 December	1,069	43,675
Total net (losses)/gains recognised in profit or loss related to financial assets at FVTPL held by the Group for the year	(42,606)	39,240

26. TRADE PAYABLES

	2025 US\$'000	2024 US\$'000
Trade payables	10,582	11,410

The ageing analysis of the trade payables is as follows:

	2025 US\$'000	2024 US\$'000
0 – 30 days	7,133	5,568
31 – 60 days	2,392	3,511
61 – 90 days	904	1,893
Over 90 days	153	438
	10,582	11,410

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases ranged from 30 to 90 days.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. TRADE PAYABLES (Continued)

As at 31 December 2025, certain trade payables amounted to approximately US\$531,000 (2024: nil) is expected to be settled by MUP since the graphite product supplier agreed to accept 165,452 MUP as the settlement of the corresponding trade payables.

27. OTHER PAYABLES AND ACCRUALS

The analysis of the other payables and accruals is as follows:

	2025 US\$'000	2024 US\$'000
Other payables	22,240	3,809
Accruals	1,870	1,099
Other tax payable	1,958	1,716
	26,068	6,624

28. CONTRACT LIABILITIES

	2025 US\$'000	2024 US\$'000
Contract liabilities arising from:		
Sales of graphite products	35	129

The receipts in advance received from the customers remains as a contract liability until the goods have been transferred and accepted by the customer.

	2025 US\$'000	2024 US\$'000
At 1 January	129	387
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(129)	(387)
Increase in contract liabilities as a result of amounts received in advance from customers for goods that have not yet been transferred and/or not yet accepted by the customer	35	129
At 31 December	35	129

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

29. CONVERTIBLE DEBENTURES

Convertible Debenture 2028

On 25 April 2018, the Company entered into a subscription agreement with China Minerals International Limited ("CMI") for the issue of interest-free debentures with an aggregate amount of HK\$600 million due on 25 April 2028 (the "Convertible Debenture 2028"). CMI shall have the right to make subscription and conversion of the Convertible Debenture 2028 in whole or in part in multiples of HK\$10,000 within the conversion period.

The Company will issue the portion of debenture which is fully paid. CMI has the right to convert at HK\$0.06 per share before the consolidation of shares, which was effective on 16 December 2022. The outstanding news shares may be issued was 8,208,500,000. After the consolidation of shares becoming effective, the conversion price becomes HK\$1.20 per share and new shares may be issued are 410,425,000.

During the years ended 31 December 2025 and 2024, no Convertible Debenture 2028 was issued by the Company.

It is the mutual agreement between the Company and the subscribers of the convertible debentures that immediate upon each subscription, the issued convertible debenture would be converted into shares of the Company.

Upon each conversion, the fair value of the issued convertible debentures (i.e. the amount received by the Company) was immediately be reclassified to the Company's share capital and therefore there would be no unconverted issued convertible debentures at the end of each reporting period. Accordingly, as at 31 December 2025 and 2024, no financial liability or equity component is recorded in the consolidated financial statements.

Convertible Debenture 2030

On 26 April 2024, the Company entered into a subscription agreement with Mr. Zhang Zheng ("Mr. Zhang"), an independent third party of the Group, for the issue of interest-free debentures with an aggregate amount of HK\$21 million due on 26 April 2030 ("Convertible Debenture 2030"). Mr. Zhang shall have the right to make subscription and conversion of Convertible Debenture 2030 in whole or in part in multiples of HK\$10,000 within the conversion period.

The Company will issue the portion of debenture which is fully paid. Mr. Zhang has the right to convert at HK\$0.3 per share.

During the year ended 31 December 2025, the Company issued Convertible Debenture 2030 in the aggregate principal amount, net of expenses, of approximately HK\$19,740,000 (equivalent to US\$2,531,000) (2024: HK\$1,260,000 (equivalent to US\$161,000)). Immediately following the issue of the Convertible Debenture 2030, 65,800,000 (2024: 4,200,000) shares of the Company were issued.

It is the mutual agreement between Company and the subscribers of the convertible debentures that immediate upon each subscription, the issued convertible debenture would be converted into shares of the Company.

Upon each conversion, the fair value of the issued convertible debentures (i.e. the amount received by the Company) was immediately be reclassified to the Company's share capital and therefore there would be no unconverted issued convertible debentures at the end of each reporting period. Accordingly, as at 31 December 2025 and 31 December 2024, no financial liability or equity component is recorded in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

29. CONVERTIBLE DEBENTURES (Continued)

Convertible Debenture 2031

On 17 July 2025, the Company entered into a subscription agreement with Mr. Zhang Yi, an independent third party of the Group, for the issue of interest-free debentures with an aggregate amount of HK\$24,339,000 due on 16 July 2031 ("Convertible Debenture 2031"). Mr. Zhang Yi shall have the right to make subscription and conversion of Convertible Debenture 2031 in whole or in part in multiples of HK\$10,000 within the conversion period.

The Company will issue the portion of debenture which is fully paid. Mr. Zhang Yi has the right to convert at HK\$0.305 per share.

During the year ended 31 December 2025, the Company issued Convertible Debenture 2031 in the aggregate principal amount, net of expenses, of approximately HK\$3,526,000 (equivalent to US\$452,000) (2024: nil). Immediately following the issue of the Convertible Debenture 2031, 11,560,000 (2024: nil) shares of the Company were issued.

It is the mutual agreement between Company and the subscribers of the convertible debentures that immediate upon each subscription, the issued convertible debenture would be converted into shares of the Company.

Upon each conversion, the fair value of the issued convertible debentures (i.e. the amount received by the Company) was immediately be reclassified to the Company's share capital and therefore there would be no unconverted issued convertible debentures at the end of each reporting period. Accordingly, as at 31 December 2025 and 31 December 2024, no financial liability or equity component is recorded in the consolidated financial statements.

30. SHARE CAPITAL

	The Company			
	2025		2024	
	Number of ordinary shares	Amount US\$'000	Number of ordinary shares	Amount US\$'000
Issued and fully paid:				
At 1 January	367,044,073	608,505	362,844,073	608,344
Issue of shares upon conversion of convertible debentures (<i>Note 29</i>)	77,360,000	2,983	4,200,000	161
At 31 December	444,404,073	611,488	367,044,073	608,505

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	<i>Notes</i>	2025 US\$'000	2024 US\$'000
Non-current assets			
Property, plant and equipment		2	3
Right-of-use assets		74	305
Interests in subsidiaries	18	19,520	18,712
Interests in joint ventures		3	1
Financial assets at FVTPL		700	43,431
		20,299	62,452
Current assets			
Other receivables, deposits and prepayments		65	64
Commodity		83	51
Financial assets at FVTPL		4	3
Cash and bank balances		124	196
		276	314
Current liabilities			
Other payables and accruals		454	450
Lease liabilities		77	234
		531	684
Net current liabilities		(255)	(370)
Total assets less current liabilities		20,044	62,082
Non-current liability			
Lease liabilities		–	77
NET ASSETS		20,044	62,005
CAPITAL AND RESERVES			
Share capital	30	611,488	608,505
Reserves (Note)		(591,444)	(546,500)
		20,044	62,005

The statement of financial position of the Company was approved and authorised for issue by the Board of Directors on 30 March 2026 and is signed on its behalf by:

FENG ZHONG YUN
Director

Yan Shao Shi
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note: The movement of reserves of the Company during the year ended 31 December 2025 is as follows:

	Translation reserve US\$'000	Accumulated losses US\$'000	Total US\$'000
At 1 January 2024	128	(583,395)	(583,267)
Profit and total comprehensive income for the year	–	36,767	36,767
At 31 December 2024 and 1 January 2025	128	(546,628)	(546,500)
Loss and total comprehensive expense for the year	–	(44,944)	(44,944)
At 31 December 2025	128	(591,572)	(591,444)

At 31 December 2025, the Company had no reserves (2024: Nil), as calculated under the provisions of Part 6 of the Companies Ordinance, available for distribution to members of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Net cash generated from operating activities

	<i>Notes</i>	2025 US\$'000	2024 US\$'000
(Loss)/profit before income tax		(11,790)	42,264
Adjustments for:			
Bank interest income	7	(4)	(70)
Finance cost	9	12	19
Fair value loss/(gains) on financial assets at FVTPL	25	42,606	(39,240)
Fair value gains on commodity	24	(1,057)	(342)
Fair value gains on cryptocurrencies		(21,996)	–
Gain on disposal of property, plant and equipment and investment properties	7	–	(537)
Loss on disposal of intangible assets	7	2	–
Depreciation	8	1,734	4,062
(Reversal of impairment loss)/impairment loss on trade receivables, net	22	(303)	2,277
Operating profit before working capital changes		9,204	8,433
(Increase)/decrease in inventories		(17,367)	320,412
Decrease/(increase) in trade receivables		8,033	(314,806)
Increase in other receivables, deposits and prepayments		(7,863)	(70)
(Decrease)/increase in trade payables		(2,550)	853
Decrease in contract liabilities		(94)	(258)
Increase/(decrease) in other payables and accruals		19,444	(379)
Cash generated from operating activities		8,807	14,185
Tax paid		(2,338)	–
Net cash generated from operating activities		6,469	14,185

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Reconciliation of liabilities arising from financing activities:

	2025 US\$'000	2024 US\$'000
Lease liabilities (note 16(b))		
At 1 January	311	108
Changes from financing cash flows:		
Repayment of principal portion	(234)	(260)
Repayment of interest	(12)	(19)
Total changes from financing activities	(246)	(279)
Other changes:		
Additions	–	463
Interest expense	12	19
At 31 December	77	311

(c) Major non-cash transactions

(a) As at 31 December 2024, the counterparty provided cryptocurrency at market value of approximately US\$300,000,000 as collateral for the trade receivables with carrying amount of US\$296,433,000.

During the year ended 31 December 2025, the Group received partial payment from the counterparty amounted to approximately US\$3,000,000. Accordingly, the respective 1,012,035 MUP equivalent to approximately US\$3,000,000 received by the Group has been released to the counterparty. On 30 September 2025, the counterparty failed to settle the remaining trade receivable in full. After negotiations between the Group and counterparty, the Group and the counterparty entered into a repayment agreement on 16 October 2025. The Group agreed to accept the collateral comprising 98,987,965 MUP as settlement of the remaining balance of the trade receivables. As at the date of enforcing the collateral, the fair value of the 98,987,965 MUP was US\$314,504,000.

(b) During the year ended 31 December 2025, the Group reclassified cryptocurrencies previously classified as intangible assets as inventories at fair value less costs to sell upon the change of use. The carrying amount of these cryptocurrencies on the date of reclassification amounted to US\$16,084,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Major non-cash transactions (Continued)

- (c) On 21 May 2024, EGL, an indirectly wholly owned subsidiary of the Company, and Aspect Group Limited ("AGL") entered into an agreement, pursuant to which EGL has agreed to dispose of, and AGL has agreed to acquire entire production lines and 390,000 tons graphite ores owned by EGL in Madagascar (the "Assets") at a consideration of approximately US\$21,046,000. The consideration is satisfied by way of 30,109 tons of graphite products produced by AGL (the "Graphite Product"). The disposal of the Assets was completed on 18 December 2024.

	18 December 2024 US\$'000
Cost of the Graphite Product	19,177
Carrying amount of the Assets	(18,640)
Gain on disposal of the Assets	537

33. CAPITAL COMMITMENTS

The Group had no capital commitment as at 31 December 2025 and 2024.

34. COMPENSATION OF KEY MANAGEMENT PERSONNEL

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 10(a) and the five highest paid employees as disclosed in note 11, is as follows:

	2025 US\$'000	2024 US\$'000
Salaries, allowances and benefits in kind	2,290	2,123
Retirement scheme contribution	39	45
	2,329	2,168

35. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the consolidated financial statements, the Group has no material transaction and balances with related parties during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

36. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

	2025 US\$'000	2024 US\$'000
Financial assets		
Financial assets at FVTPL	1,069	43,675
Financial assets measured at amortised cost		
Trade receivables	47,570	347,348
Other receivables and deposits	147	1,484
Cash and bank balances	12,999	12,637
	61,785	405,144
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade payables	10,582	11,410
Other payables and accruals	24,110	4,908
Lease liabilities	77	311
	34,769	16,629

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group intends to use a combination of financial instruments to manage its financial risks.

The risk management of the Group, are centralised at head office level in accordance with the Group's risk management policy. The Group identifies, evaluates and monitors financial risks closely with the Group's operating units. The Group has written policies covering specific areas, such as foreign exchange risk, interest rate risk, price risk, credit risk, liquidity risk, use of non-derivative financial instruments and cash management.

(a) Foreign exchange risk

The Group's entities have only a small amount of sales that are denominated in currencies other than the functional currency of that group entities. Therefore, the Group is not exposed much to foreign exchange.

The Group's reporting currency is US\$. The Group may expose to foreign exchange risk primarily through sales and purchases, capital expenditure and expenses transactions that are denominated in currencies other than the functional currency of the subsidiaries. Foreign exchange swaps or forward contract and foreign exchange option may be employed to minimise the net exposure to foreign currency fluctuations.

(b) Interest rate risk

As at 31 December 2025, the Group is exposed to fair value interest rate risk in relation to lease liabilities (2024: lease liabilities).

As at 31 December 2025, the Group is exposed to cash flow interest rate risk in relation to bank balances (2024: bank balances) which are mainly arranged at floating rates.

The Group currently does not have an interest rate hedging policy. However, management monitors interest rate change exposure and will consider hedging significant interest rate change exposure should the need arise.

Management considers the interest rate risk for variable-rate bank balances are insignificant for the years ended 31 December 2025 and 2024. Hence, no sensitivity analysis is presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(c) Price risk

The Group is exposed to equity price risk through its investment in listed equity securities in Hong Kong and the United States. The management manage this exposure by maintaining a portfolio of investments with different risk and return profiles.

At 31 December 2025, it is estimated that an increase/decrease of 10%, 30% and 50% in market value of the trading securities, with all other variable held constant, loss for the year and the equity would decrease/increase by US\$107,000, US\$321,000 and US\$535,000 (2024: profit for the year and the equity would increase/decrease US\$4,368,000, US\$13,103,000 and US\$21,838,000) respectively.

At 31 December 2025, it is estimated that an increase/decrease of 10%, 30% and 50% in market value of the cryptocurrencies under inventories, with all other variables held constant, loss for the year and the equity would decrease/increase by US\$33,449,000, US\$100,347,000 and US\$167,245,000 (2024: nil, nil and nil) respectively.

The Group is affected by the price volatility of gold bullion. The Group estimates the future reasonably possible market price fluctuations for gold on an overall basis. It is estimated that a reasonably possible strengthening in the LBMA Gold Price AM of 20% (2024: 20%) at 31 December 2025 would decrease the loss for the year by US\$537,000 (2024: increase the profit for the year by US\$325,000); an equal change in the LBMA Gold Price AM in the opposite direction would decrease the profit for the year by an equal but opposite amount. The analysis assumes that all other variables, in particular, interest rates remain constant.

(d) Credit risk

The credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group's credit risk is primarily attributable to its trade receivables, other receivables and deposits and amount due from a joint venture. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At the end of reporting period, the Group has a certain concentration of credit risk as 23% (2024: 85%) and 77% (2024: 94%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(d) Credit risk (Continued)

Impairment on trade receivables under the ECLs model is set out in note 22.

The ECLs on other receivables and deposits are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

Impairment on amount due from a joint venture under the ECLs model is set out in Note 19.

For the financial assets at amortised cost considered as credit-impaired as a result of default events as at 31 December 2025 and 2024, a lifetime ECL loss allowance has been assessed.

The Group has adopted general approach to measure ECLs on other receivables and deposits and amount due from a joint ventures. Under the general approach, the Group apply the "3-stage" impairment model for ECLs measurement based on change in credit risk since initial recognition as follows:

- Stage 1 ("Performing"): If the credit risk of the financial instrument has not increased significantly since initial recognition, the financial instrument is included in Stage 1.
- Stage 2 ("Doubtful"): If the credit risk of the financial instrument has increased significantly since its initial recognition but is not deemed to be credit-impaired, the financial instrument is included in Stage 2.
- Stage 3 ("Default"): If the financial instrument is credit-impaired, the financial instrument is included in Stage 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(d) Credit risk (Continued)

The loss allowance for financial assets at amortised cost as at 31 December 2025 and it reconciles to the opening loss allowance as follows:

	12-month ECLs		Lifetime ECLs		Total US\$'000
	Stage 1 US\$'000	Stage 2 US\$'000	Stage 3 US\$'000	Simplified approach US\$'000	
At 1 January 2024:	–	–	3,558	329	3,887
Increase in the allowance recognised in profit or loss during the year	–	–	–	2,277	2,277
At 31 December 2024 and 1 January 2025:	–	–	3,558	2,606	6,164
Decrease in the allowance recognised in profit or loss during the year	–	–	–	(303)	(303)
At 31 December 2025	–	–	3,558	2,303	5,861

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(d) Credit risk (Continued)

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are gross carrying amounts for financial assets at amortised costs as at 31 December 2025 and 2024.

	12-month ECLs		Lifetime ECLs		Total US\$'000
	Stage 1 US\$'000	Stage 2 US\$'000	Stage 3 US\$'000	Simplified approach US\$'000	
As at 31 December 2025:					
Amount due from a joint venture	2	–	–	–	2
Trade receivables	–	–	–	49,783	49,783
Other receivables and deposits	147	–	3,558	–	3,705
Cash and bank balances	12,999	–	–	–	12,999
	13,148	–	3,558	49,783	66,489
As at 31 December 2024:					
Amount due from a joint venture	–	–	3,558	–	3,558
Bond securities at amoritsed cost	–	–	–	–	–
Trade receivables	–	–	–	349,954	349,954
Other receivables and deposits	1,484	–	–	–	1,484
Cash and bank balances	12,637	–	–	–	12,637
	14,121	–	3,558	349,954	367,633

The ECLs for financial instruments in Stage 1 are measured at an amount equivalent to 12-month ECLs whereas the ECLs for financial instruments in Stage 2 or Stage 3 are measured at an amount equivalent to lifetime ECLs.

When determining whether the risk of default has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit risk assessment and including forward-looking information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(d) Credit risk (Continued)

At the end of each reporting period, the Group assess whether a financial asset is credit-impaired. The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group and the Company in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criteria is more appropriate.

The measurement of ECLs is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure of default. The assessment of the probability of default and loss given default is based on historical data and adjusted for forward-looking information through the use of country risk and experienced credit judgment to reflect the qualitative factors, and through the use of multiple probability-weighted scenarios.

Cash and cash equivalents

The Group expects that there is no significant credit risk associated with cash at bank since they are deposited with credit worthy financial institutions.

(e) Liquidity risk

Liquidity risk is prudently managed by maintaining sufficient amount of available committed credit facilities. In addition, the Group actively manages and extends its debt maturity profile to ensure that the Group's maturing debt each year will not exceed the anticipated cash flow and the Group's ability to refinance the debt in that year.

The contractual maturity of the lease liabilities is shown on note 16(b). The other non-derivative financial liabilities of the Group shown below are repayable within one year or on demand.

	2025 US\$'000	2024 US\$'000
Trade payables	10,582	11,410
Other payables and accruals	24,110	4,908
	34,692	16,318

The amounts of undiscounted cash flows of the above liabilities are equal to their carrying amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. FINANCIAL RISK MANAGEMENT (Continued)

Fair value of financial instruments

The carrying amounts of the Group's financial instruments are as follow:

- (i) The fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- (ii) The carrying value of bank and cash balances, trade and other receivables and trade and other payables carried at amortised cost are assumed to approximate their fair values due to the short term maturities of these assets and liabilities.

Fair value measurement recognised in the consolidated financial statements

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into level 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair values measurement are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair values measurement are those derived from inputs other than quoted prices include within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair values measurement are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

	2025			Total US\$'000
	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	
Recurring fair value measurements:				
Commodity – Gold bullion	2,684	–	–	2,684
Financial assets at FVTPL	1,069	–	–	1,069
	2024			Total US\$'000
	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	
Recurring fair value measurements:				
Commodity – Gold bullion	1,626	–	–	1,626
Financial assets at FVTPL	43,675	–	–	43,675

During the years ended 31 December 2025 and 2024, the Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. During the years ended 31 December 2025 and 2024, there were no transfers between Level 1, Level 2 or Level 3 of the fair value hierarchy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

38. CAPITAL RISK MANAGEMENT

The purpose of the Group's capital management is to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes lease liabilities, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors of the Company consider the cost of capital and the risks associated with the capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through payment of dividends, issuance of new capital shares, convertible debentures or new debts.

The gearing ratio at the end of the reporting period was as follows:

	2025 US\$'000	2024 US\$'000
Lease liabilities	77	311
Less: cash and bank balances	(12,999)	(12,637)
	(12,922)	(12,326)
Equity attributable to owners of the Company	425,461	430,410
Net debt to equity ratio	N/A	N/A

The externally imposed capital requirement for the Group is to maintain its listing on the Stock Exchange with a public float of at least 25% of the shares. The Company has maintained a sufficient public float to comply with the Listing Rule.

39. DIVIDEND

The directors of the Company have decided not to declare any dividend for the year ended 31 December 2025 (2024: Nil).

40. EVENTS AFTER THE REPORTING PERIOD

The Group has no significant events after the reporting period.

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on 30 March 2026.

FIVE-YEAR FINANCIAL SUMMARY

RESULTS

For the years ended 31 December

	2025 US\$'000	2024 US\$'000	2023 US\$'000	2022 US\$'000	2021 US\$'000
Revenue	132,500	431,082	105,682	100,189	101,259
(Loss)/profit before income tax expense	(11,790)	42,264	1,969	880	6,024
Income tax expense	(2,832)	(1,962)	(154)	(308)	(1,221)
Net (loss)/profit attributable to owners of the Company	(14,622)	40,302	1,815	572	4,803

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

As at 31 December

	2025 US\$'000	2024 US\$'000	2023 US\$'000	2022 US\$'000	2021 US\$'000
Property, plant and equipment	13,548	12,952	24,182	25,176	24,468
Investment properties	1,655	1,693	9,040	9,311	9,867
Right-of-use assets	74	441	361	713	694
Intangible assets	–	7,313	–	220	320
Interests in joint ventures	3	1	–	1,235	2,133
Financial assets at fair value through profit or loss	700	43,431	4,279	1,284	162
Current assets	450,142	386,297	371,475	371,203	370,372
Total assets	466,122	452,128	409,337	409,142	407,854
Total liabilities	(40,661)	(21,718)	(19,679)	(23,970)	(19,984)
	425,461	430,410	389,658	385,172	387,870